

EUROPEAN NEWS

Opposition to the party leader is strong in some sections of Fianna Fail, writes Brendan Keenan in Dublin

Haughey wins a battle but is still fighting to survive

MR CHARLES HAUGHEY, the Irish Opposition leader, has just experienced his stickiest spell in politics since his acquittal in the famous arms trial of 12 years ago.

It finished with the expulsion from the Parliamentary Fianna Fail Party of Mr Charles McGreevy, the member for Kildare, who was once regarded as one of Mr Haughey's strongest supporters.

It started a few days ago when the party's Galway City branch passed a vote of no confidence in Mr Haughey's leadership after he failed to give a shadow cabinet post to Mr Bobby Molloy, the city's favourite son.

Two branches in Cork added to the squeeze when they put forward similar motions for debate at the next party conference.

The forthcoming budget—ex-

pected to be one of the toughest ever—has been displaced as the main topic of political gossip by the question: "Can Charlie survive?"

While it is much too early to write Mr Haughey off, the problems of Fianna Fail are unlikely to go away, partly because the rigid traditions of the party—founded by Mr Eamon De Valera in the 1920s—seem increasingly at variance with developments in modern Irish politics.

Mr Haughey himself, his opponents say, broke one of the party's most hallowed traditions—that the leader is sacrosanct. In Britain, a coup against a PM who appears to be failing is unusual but not unknown. In Fianna Fail such a thing was unknown until Haughey organised a brilliant putsch against Mr Jack Lynch mid-way through his term of office in 1979.

Those who supported Mr Lynch will not, and apparently

A SENIOR Irish banker has predicted that the punt will have to be devalued by between 5 per cent and 10 per cent against the main currencies this year, even though the cost will be great and the benefits short-term, writes Brendan Keenan.

Mr John Bourke, chief financial officer with the Bank of Ireland, one of the country's big two commercial banks, said that although the technical aspects of Irish membership of the European Monetary System had been well managed, the country had failed to adopt the discipline necessary to keep inflation under control.

There were strong arguments against

devaluation but Mr Bourke believed short-term considerations of competitiveness would outweigh the longer term debilitation resulting from devaluation.

He told a meeting of chartered secretaries and cost and management accountants that Irish interest rates would probably remain in the 17-20 per cent bracket. Although this was a negative rate of real interest, borrowers could not presently pay more.

Interest rate pressure could be resisted for as long as the central bank could borrow abroad, Mr Bourke said. But if there was not a clear intention of reform this could become difficult this year.

old-fashioned discipline which prohibits such public criticism can survive.

In the ruling Fine Gael and Labour parties, where things are traditionally less strict, backbenchers have also been tasting the heady air of dissent.

Mr John Ryan, a Labour man from Tipperary, has gone so far as to hint that he might not support the budget if it includes the controversial suggestion to cut the standard rate of income tax to 25p.

While Mr Ryan is no admirer of Mr McGreevy he points out that the new generation of TDs (MPs) will not be as silent as their predecessors.

There is a lack of liaison between decision-makers and backbenchers, he says. "Everything is usually a fait accompli before it reaches TDs."

Like many members, he would like to see reinforcement and extension of the committee

system to give TDs a role in framing legislation. It has proved impossible to get the powerful civil services to take Dail committees seriously, and most of them have proved impotent.

The Fianna Fail Parliamentary Party is to have a special meeting on policy and discipline and some re-drawing of the old lines may be necessary in all the parties.

For Mr Haughey, faced with implacable opponents, the best chance is to harry the Government and get ahead in the opinion polls. If he begins to look like a winner he will probably survive to fight the next election. Should he fail to make an impact in an opposition role he is said to dislike, he may face more serious challengers than the member from Kildare.

Mr Haughey (right) dared not show leniency



cannot forgive Mr Haughey. Most of his difficulties spring from this coup. Mr McGreevy, though, was a different problem and his is probably not the scalp which Mr Haughey would most like to hang on his belt.

He dared not show leniency, however, for fear it would be interpreted as weakness, and embolden his enemies to move in for the kill. Mr McGreevy broke tradition by voicing dissent in public. He wondered aloud—more

than once—if his party and the others were following the correct policies to deal with the country's economic woes, although he made no direct attack on Mr Haughey's leadership. The question is how long the

Balsemao tries to speed EEC entry

BY DIANA SMITH IN LISBON

THE PORTUGUESE Prime Minister, Sr Francisco Pinto Balsemao, and senior negotiators fly to Brussels on Sunday for the first round of talks that will take them to all 10 European Community capitals over the next three months.

Worried by the slow progress towards Portugal's accession to the EEC, Sr Balsemao hopes to inject some energy into the proceedings by personal discussion with Community officials in Brussels on Monday and thereafter with his counterparts in European capitals. On this lap, he will also visit Luxembourg and Copenhagen.

Portugal is likely to miss its original target of accession by 1983. Though some dossiers are passing relatively easily through the Brussels negotiations, the questions of agriculture, customs unions and labour flow, have run into serious difficulties.

The accession treaty may not be signed before the end of 1982 and another 18 months or so will be needed to ratify the treaty in the parliaments of the 10 member states.

With one two exceptions, like wine, Portugal's agriculture is a financial and technical tale of woe that represents no threat to its EEC counterparts. The



Sr Balsemao... to tour ten European capitals in the next three months

problem for the Brussels negotiators is how much aid and how many years, even decades, of transition and reshaping it will take to bring this sector into the 20th century, let alone close to Community patterns. A different picture is presented, however, by Portuguese textiles, which account for more than 40 per cent of the country's industrial output. At present, there is little chance that Britain and France will abandon

their strong stand on quotas and a transition period for Portugal's textile exports.

Portuguese negotiators are doing their best to ensure a reasonable deal for textiles. The industry, however is direly in need of stronger investment, larger companies and modernisation and EEC membership could prove to be a blessing in disguise. European manufacturers would be able to invest here.

Portugal's centuries-old urge to export its unemployment is unlikely to be allowed free rein when it joins the EEC. There are already a million Portuguese emigrants settled in Western Europe. There may be a transition period of up to seven years on the free flow of labour, dashing early and naive hopes that Community membership would bring unaffected access to the West European jobs market.

The Portuguese Government watched keenly the recent European tour of Sr Leopoldo Calvo Sotelo, Spain's Prime Minister. It is worried that the Spanish might win a faster and better accession deal. Sr Balsemao, therefore, will spend the final week of January, February and March touring European capitals

Oslo acts to restrict freon gas

By Fay Gjester in Oslo

NORWAY has banned the construction of a foam plastic factory, employing around 20 people, that would have released 400 tonnes of the controversial freon gas into the atmosphere every year.

Freon, a compound containing chlorine and fluorine, is used for refrigeration, in spray cans, and in the production of foam plastic and rubber. It has been blamed for damaging the earth's ozone layer, which helps to filter ultraviolet rays from the sun. Norway was one of the first countries to forbid its use in spray cans.

Mrs Wenche Frogm Sellaag, the Environment Minister, said that in banning the new plant, the Government hoped to set an example in the drive to reduce freon emissions world-wide.

Ministry officials at first recommended approval of the plant, which was to have been built by Norske Fina, a subsidiary of the Belgian concern. This decision was opposed by the Norwegian Society for the Protection of Nature, which has warmly applauded the ban.

Oil company attacks Danish tax proposal

BY HILARY BARNES IN COPENHAGEN

A. P. MOELLER, the company which holds the licence for oil and gas exploration in Denmark's sector of the North Sea, has strongly criticised a Bill published this week.

The company claims the Bill will make it and its partners in the Danish Under-ground Consortium—Shell, Standard Oil of California and Texaco—pay substantial taxes before they have made any profits. It claimed that the Bill conflicts with the conditions on which the company agreed last spring to relinquish to the state some of the licensed area.

Mr Mogens Lykketoft, the Tax Minister, has said he estimated that the oil tax proposals would mean that the consortium would pay about Dkr 450m (£31m) this year and about Dkr 1bn (£70m) next.

Moeller's dissatisfaction with the Government is mirrored by that of the authorities with the company. When it told the Government at the end of last year which areas of the North Sea it was giving up and outlined its planned work for the

remaining areas, Mr Poul Nielson, the Energy Minister, reserved his position on both questions.

The new disagreements are the latest in a long-standing squabble between Moeller and the Social Democratic Government. The company was given in 1962 an exclusive 50-year concession to the Danish on-shore and offshore areas.

Last year, under an implied threat of expropriation of the licence, the Government negotiated a deal with Moeller under which the company surrendered 50 per cent of the original area from January 1 this year. By the end of the decade it will have to hand back the rest, with the exception of 12,000 square kilometres (about 1 per cent of the total) which include the fields where the consortium has so far found oil and gas.

Mr Bjarne Fogh, Moeller's financial director, said that the consortium's investment in the North Sea to date totalled Dkr 11.5bn (£815m) and its revenues Dkr 4.1bn (£290m),

Working week on decline

GENEVA—South Koreans have the longest working week in the world, according to statistics compiled by the International Labour Organisation.

A survey showed that the average working week has been decreasing during the past decade in most countries for which data were available. South Korea was a notable exception.

In that country, men worked 55.5 hours last year, 52.8 hours a week in 1980, a weekly average of 53.1 hours, according to the survey. This compares with 41 hours and 25.3 hours for Norwegian men and women. Working weeks for men and women in other countries listed were: Britain 41.9 and 37.3; Japan 42.4 and 38.4; West Germany 42.2 and 40.7; Israel 39.2 and 35.1; Australia 39.1 and 34.4.

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Table with 3 columns: Name of company, Dividend No., and Rate of dividend per share. Lists companies like The South African Land & Exploration Company Limited and Vaal Reefs Exploration & Mining Company Limited.

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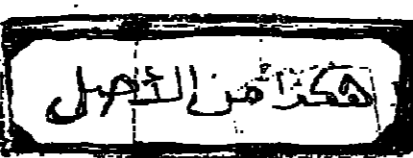
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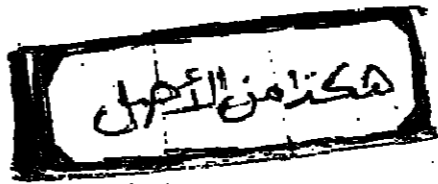
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Japanese begin to invest in France again

BY JERRY DODSWORTH IN PARIS

TWO JAPANESE consumer electronics companies, Pioneer and Citizen, are planning manufacturing plants in France.

Their decisions mark the first significant move by Japanese industry to invest in France since the Socialist election victory last summer. The last large investment was by Sony, which opened its FFY 90m (£8.1m) audio tape plant at Bayonne in the south-west at the end of 1980.

Pioneer, which is the leading world tape producer, and has at least 30 per cent of the French market, is also choosing a site in the south-west, in the Bordeaux region. Although the French agent, Munitex Diffusion Française, refuses to give details, the new plant is expected to create about 200 jobs.

The Citizen project is also at an early stage, but is aimed at setting up a plant to assemble around 15 per cent of the 400,000 watches it sells annually in France. A site has not been selected, but the company is planning to set up in the traditional watch-making area in eastern France near Besancon at the end of this year. About 40 jobs should be created.

Initially, growing to around 100 during the year.

It is not clear whether the two projects show a change of attitude to Japanese investment by France. The last Government's approach was based on a deliberate defence of what it defined as strategic industries in which France had a large stake. The television industry, for example, is still defended by EEC-approved quotas on Japanese goods.

The new Government is generally regarded as having adopted a more open view of foreign investment than its predecessor. It is encouraging U.S. interest in the country, and has allowed one important new project, by the private telephone company Météo, in a sector which would probably have been defended in the past.

On the other hand, a strong theme running through Socialist party thinking is the need to develop a response to Japanese expertise in high technology industries.

Because of this, the Government may be less welcoming to Japanese investment in consumer electronics industries, such as television, where it wants to see a renewed French effort.

Poland to try coal strike leaders in military court

BY CHRISTOPHER BOBINSKI IN WARSAW

SOLIDARITY union activists accused of leading long-running strikes in two of Poland's main coal mines are to be tried by a military court, the official Press reported yesterday.

Seven men are charged with organising an underground strike by more than 1,000 miners at the Piasa colliery. The strike lasted from December 13—the day martial law was declared—until December 28.

A further 11 men will be tried on similar charges stemming from an 11-day stoppage at the Ziemovit pit. Some have also been accused of "using threats against miners aimed at forcing them to strike."

More than 150 Solidarity activists have been jailed for organising strikes or other protests since martial law was proclaimed in Poland, official figures show.

Justice Ministry figures available for December 13-January 15 period show that of the 142 people sentenced, 73 received less than three years in jail, 39 were given three years and 30 more than three years. At least nine have been sentenced since then.

The Army daily, Zolnierz Wolnosci, reported yesterday that, in the past week, 30 civilians had been arrested for offences against martial law regulations.

One man from Gdansk received a four-year sentence for distributing leaflets, another five years for organising a day-long strike in two departments of an aircraft factory in Rzeszow and a third three years for writing a leaflet.

The authorities have arrested five men suspected of producing

an underground Solidarity bulletin called "From Day to Day" in Wroclaw, the newspaper adds.

The bulletin recently denied official instructions that 280m (£ withdrawn from the union's bank account 10 days before martial law had been stolen. Mr Wladyslaw Frasyniuk, Solidarity's regional leader, who is still at liberty, and Mr J Pinior, another union official, said the money was withdrawn in case of a clampdown. It would be used to help the families of members interned and in hiding and to finance union activities.

Border-style control points have been erected on all main roads leading out of Warsaw in move which would enable the authorities to seal off the capital in a matter of minutes, travellers reported yesterday.

Why W. Germany may refuse Moscow loan request

BY STEWART FLEMING IN FRANKFURT

AT THE beginning of December, before the military takeover in Poland, the Deutsche Bank in Frankfurt received a request for a DM 300m loan from the Soviet Union.

At the time, it must have appeared to the bankers that the proposal was a routine credit negotiation with a country whose credit standing up to that point was impeccable.

Moreover, the Deutsche Bank was leading a consortium which had already agreed to lend DM 2.55m to finance the proposed new gas line from Siberia to Western Europe. Both countries were agreed that in spite of the opposition of the U.S. the project was mutually beneficial. The new credit request, which was to be considered in the context of the pipeline financing, was perhaps an unexpected new development since the loan agreement had been signed. But in the context of such international credits it was not at all that out of the ordinary.

Today, some three weeks after the date when the Soviet Union might have expected to have heard that the German banks were willing in principle to extend the funds the credit request remains just that.

The banking consortium met on Tuesday without coming to any decision. Privately some banks have already made it

clear they oppose the transaction, and there has been speculation that because of their opposition the credit might be denied.

For it to become known that German banks were unwilling to grant the Soviet Union such a credit would be a tremendous blow to Soviet prestige, and also to its international standing as a borrower on world capital markets.

It would further heighten tensions in the financial relationships between Eastern Europe and the West at a time

when Western bankers are asking themselves how they can preserve a basis on which these relations can be continued.

The uncertainty over what, in international standards, is quite a modest sum, can be traced directly back to the Polish crisis which has precipitated dangerous conditions in the financial markets.

Poland has already reached a position in which it can expect no further credit from Western bankers unless it pays some \$300m of overdue interest. Romania is also in payments

difficulties.

Western bankers have been forced to re-think completely the basis on which they have lent to Communist countries. It has always been assumed that the Soviet Union, with its wealth and political commitments to its Comecon partners, would come to the aid of any of them in financial trouble.

Poland's Eastern neighbours have given aid, but not enough to enable the country to meet all its obligations to the West. This has tended to weaken the creditworthiness of other Eastern bloc countries since it has eroded one of the foundations on which lending to the East has been built.

Romania, as the next most exposed Communist country has been the first to feel the effects. On purely economic grounds early settlement of the Romanian rescheduling is necessary to reduce the risk that its debt problems may cast another cloud over the creditworthiness of the Eastern bloc.

The political atmosphere, however, threatens to make this difficult.

Indeed, it will be tempting for some politicians—in the U.S. in particular—to try to manipulate the Romanian question to put more pressure on the Soviet Union over Poland.

Even before the chill settled over East-West relations, it was apparent that the problems of the Western bankers were likely to lead to a reduction in their lending in the Eastern bloc. Growth has been rapid over the past 10 years but some West German bankers now say they are restricting their lending to trade finance which helps their German customers.

As the financing problems of the East have increased and the theory that the "command" economies can adjust more readily to economic adversity has also come into question, the planned gas pipeline between Siberia and West Europe has become more important.

For those who believe that the time has come for the West to increase the pressure on the Soviets, halting the pipeline project becomes an even more attractive option. The difficulty is that there are many Western banks, heavily committed in the East, and countries such as West Germany bordering the Communist bloc, who will have to live with the political and economic consequences.

Tindemans pledges support for European union plan

BY JOHN WYLES IN BRUSSELS

MR LEO TINDEMANS, the Belgian Foreign Minister, yesterday laid before the European Parliament his plans for the EEC for the six months, during which he will be President of the Council of Ministers.

Belgium, he said, was going to do everything possible to encourage the EEC to take steps "which will really prove that today Europe is a Community and that tomorrow it will be united."

He revealed his enthusiasm for the so-called Genscher-Columbo plan, whose ultimate target is European Union.

The Belgian Presidency had already set up an official working party of the Ten to examine

these proposals from the West German and Italian Foreign Ministers, he said.

He said he hoped "with all my heart" that this work would produce "new and positive" results.

Mr Tindemans spoke of the need to develop better responses to the world economic crisis both within the EEC and in its relations with the U.S. and Japan.

This meant greater efforts to strengthen the EEC's internal market, to develop an industrial strategy and to strengthen the European Monetary System so that Europe could reach agreements with the dollar and yen "zones."

Soviet short-term borrowing shows increase

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE SOVIET UNION stepped up its short-term borrowing from international banks during the first half of last year as well as drawing heavily on its reserves to meet a squeeze on its convertible currency resources.

Latest figures from the Bank for International Settlements (BIS) show Soviet short-term borrowings at the end of June stood at \$6.5bn (£3.5bn) or 46.7 per cent of its total \$14.5bn borrowings from Western banks.

The short-term borrowings, classified as loans maturing in one year or less, were only 41.9 per cent of total borrowings at the end of 1980 which themselves were markedly lower at \$13.4bn.

The BIS has already reported that the Soviet Union drew \$5bn on its deposits with Western banks during the period. The drawings were believed to have been used to finance a widening trade deficit with the West as well as aid to Poland.

But the latest BIS figures show that, at least in the first half of last year, some East European countries were able to escape the knock-on effects of the debt crisis in Poland.

Short-term borrowings can sometimes be a useful indicator of confidence in the Euromarkets as they tend to rise when political or economic considerations make lenders reluctant to enter into long-term commitments.

Hungary was, however, able to reduce its short-term borrowing during the first

half of last year. At the end of the period, short-term loans amounted to only 35.9 per cent of its total \$7bn borrowings, whereas at the end of 1980 the percentage was 42.9 on total borrowings of \$8bn.

Elsewhere in Eastern Europe, Poland had short-term loans from Western banks of \$4.7bn at the end of June compared with total borrowings of \$14.7bn. Romania's short-term borrowings were \$2.5bn on total borrowings of \$5.4bn.

EEC bars cheap food sales

By Our Brussels Correspondent

THE EUROPEAN COMMISSION ruled out yesterday any further prospect of cut-price food sales to Poland amid growing signs of reluctance among EEC member states to introduce quickly any additional measures against Warsaw and the Soviet Union.

M Gaston Thorn, the Commission president, told the European Parliament in Strasbourg yesterday that the Commission was scrapping a proposal made last October to spend another £20m on a subsidised food sale to Poland.

The declaration of martial law, he said, made controlling the distribution of food much more difficult, implying that the EEC could no longer be sure it was reaching the people for whom it was intended.

Nevertheless, M Thorn said the Commission did not want to see the Polish food shortage grow worse and it would be ready to start selling food under normal commercial terms. It would also try to promote a portion of the planned £20m subsidy on humanitarian aid which would be distributed by non-governmental agencies such as the Red Cross and Caritas.

The Commission's declaration fills a lull which has settled on the Polish front since European governments agreed with the U.S. in the Nato Council 12 days ago to consider action against both Poland and the Soviet Union.

Present indications are that their deliberations will last another two or three weeks and may not even then result in concrete action.

Setback for plan to land LPG at Rotterdam

BY CHARLES BATCHELOR IN AMSTERDAM

PLANS to land large quantities of liquefied petroleum gas (LPG) in Rotterdam have run into further difficulties. The Rotterdam district court, which with Rotterdam is the most important authority in the area, is demanding that any shipments of LPG require environmental permits.

Application for a permit could delay the project a further seven months, according to Mundogas, a Panamanian-registered company in which P & O, the British shipping line, has a large holding. Mundogas's plans have already been delayed by three months.

The company reached agreement with the Rotterdam authorities last year to moor LPG tankers in the harbour to act as a floating terminal. The tanker would unload its cargo over two to three weeks into coasters or barges and then leave to be replaced by another vessel.

Rijmond, which shares control of the harbour approaches with Rotterdam, now argues that even this form of extended unloading amounts to the storage of LPG in the harbour. It is insisting that environmental permits be applied for, said Mr Max van der Fut, Mundogas project manager. The company is now considering whether to challenge Rijmond in the courts.

Mundogas plans in the longer term to moor a tanker permanently in the harbour and replenish its tanks regularly with LPG. Ultimately, this form of storage would become too expensive and the company hopes to join other LPG importers in the construction of an onshore terminal.

P & O and the Monaco-based Thyssen-Bornemisza group own 43 per cent each of Mundogas, while Panaversal, a Brazilian-owned company, has 12 per cent.

Last October, Royal Dutch Shell and British Petroleum cancelled plans for an onshore terminal to land 1.5 to 2m tonnes annually or LPG because safety and environmental controls would have nearly doubled the original £1 350m (£74.5m) price tag.

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AMERICAN NEWS

Owners of Jari mining 'kingdom' hold first meeting

BY ANDREW WHITLEY IN RIO DE JANEIRO

TWENTY-THREE of Brazil's leading banks and private companies met for the first time in Sao Paulo yesterday as the new owners of Jari, the controversial Amazonian mining and oiling 'kingdom' formerly owned by Mr. Daniel Ludwig, the U.S. shipping magnate...

Executives in U.S. sceptical of forecasters

By Our Washington Correspondent

THE U.S. businessman places his trust in no particular economic forecaster, but if pressed will come up with a few well-known names—and himself. This is the finding of a poll conducted by the Wall Street Journal and Gallup published yesterday...

David Lascelles in New York examines the mounting criticism of U.S. monetary policy Fed suffers as money supply problems grow

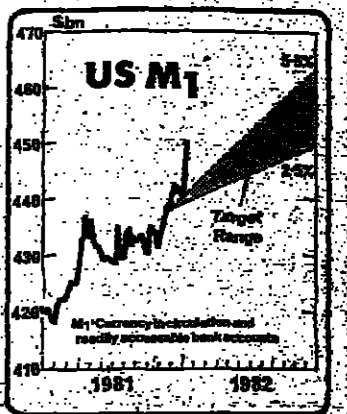


Mr. Paul Volcker

The White House has been back on the offensive against a familiar scapegoat this week, the Federal Reserve Board, accusing it of undermining investor confidence by failing to keep the money supply under control...

At that time, the Fed allowed bank reserves to grow at a faster pace. Bank reserves, which are the building blocks of credit, are the main means the Fed now uses to influence the growth of the money supply...

The trouble with this technical explanation is that it has not convinced Wall Street, whose eyes are firmly fixed on the way Mr. Volcker has tried to bring the Fed's target, especially after last week's huge \$9.5bn rise, one of the largest on record...



The White House may be worried that things are happening too soon. That overnight money growth now will force the Fed to clamp down and set off another recession later in the year...

U.S. losing 16% of oil and gas royalties

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. GOVERNMENT is losing about 16 per cent of the \$52n (£2.6bn) oil and gas royalties due to it from private leaseholders because of mismanagement and fraud. This is the conclusion of a special commission set up by the Interior Department to investigate the chronic underpayment of energy royalties and 'oil theft'...

Salvador army 'retakes rebel held town'

BY DAVID TONGE

The El Salvador army claims it has regained control of Jocotique, a rebel-held town near the Honduran border, AP reports from San Francisco, California.

Washington at centre of continuing UN controversy

BY DAVID TONGE

THE SCUFFLING in the corridors of the United Nations in New York ahead of Wednesday's Security Council vote on sanctions against Israel was grist to the mill of the swelling number of critics of the UN in the U.S.

month elected the Peruvian career diplomat, Sr Javier Perez de Cuellar, as its fifth Secretary General, contains much the U.S. and other critics of the system value deeply.

The U.S. mission at the United Nations is keeping a computerised record of the votes cast there by other nations and will not ignore votes against U.S. interests, a mission official said yesterday.

organisation, which said it was making a series of studies of the UN. The foundation's first report, issued yesterday, gave a generally negative view of the world body which it accused of seeking to redistribute U.S. resources and of aiding terrorists.

from its hold on the UN's purse strings. The U.S. contribution is 27 per cent of the body's regular budget of \$99m for 1981 and 1982 members a further 27.3 per cent.

Women's rights setback

BY ANATOLE KALETSKY IN WASHINGTON

THE DECADE-LONG attempt by the American women's movement to win the constitutional right to equal treatment in all aspects of law suffered a major setback yesterday when the Georgia House of Representatives refused by a two-to-one margin to ratify the Equal Rights Amendment (ERA).

Jamaican GDP grows by 1.5%

BY DAVID TONGE

Jamaica's economy grew by an estimated 1.5 per cent last year, the first increase in gross domestic product (GDP) for nine years, according to Mr Edward Seaga, the Prime Minister and Finance Minister, Cazare James reports from Kingston.

Montreal strike off

BY DAVID TONGE

Public transport yesterday looked set to return to normal in Montreal after 6,700 bus and underground railway workers voted under government pressure to call off a six-day strike, Reuter reports from Montreal.

NOTICE OF REDEMPTION

Plywood-Champion International Finance Company

5 1/4% Convertible Guaranteed Debentures due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1982 providing for the above Debentures, \$216,000 principal amount of said Debentures have been selected for redemption on February 15, 1982 (the "Redemption Date")...

Those outstanding Debentures of \$1,000 each of prefix "M" bearing numbers ending in the following two digits: 05 13 23 33 43 53 63 73 83 93

And Debentures of prefix "M" bearing the following numbers: 1600 4900

On February 15, 1982, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the Redemption Date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York...

Debentures are presently convertible into Common Stock of Plywood-Champion International Corporation (formerly U.S. Plywood-Champion Papers Inc.), at the offices mentioned above, at the rate of 37.38 shares of such Common Stock for each \$1,000 principal amount of Debentures.

The following Debentures previously called for redemption have not as yet been presented for payment: DEBENTURES OF \$1,000 EACH

Table with columns for Debenture numbers and amounts, including 24 198, 206, 208, 222, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300.

UN group approves funds for African news agency

BY DAVID TONGE

A UNITED NATIONS working group agreed this week in Acapulco, Mexico, to give \$1.5m (£30,000) to help launch an African news pool. The project for the Pan-African News Agency is one of 150 such schemes costed at over \$90m which the Third World is backing in order to reduce its dependence on Western news media.

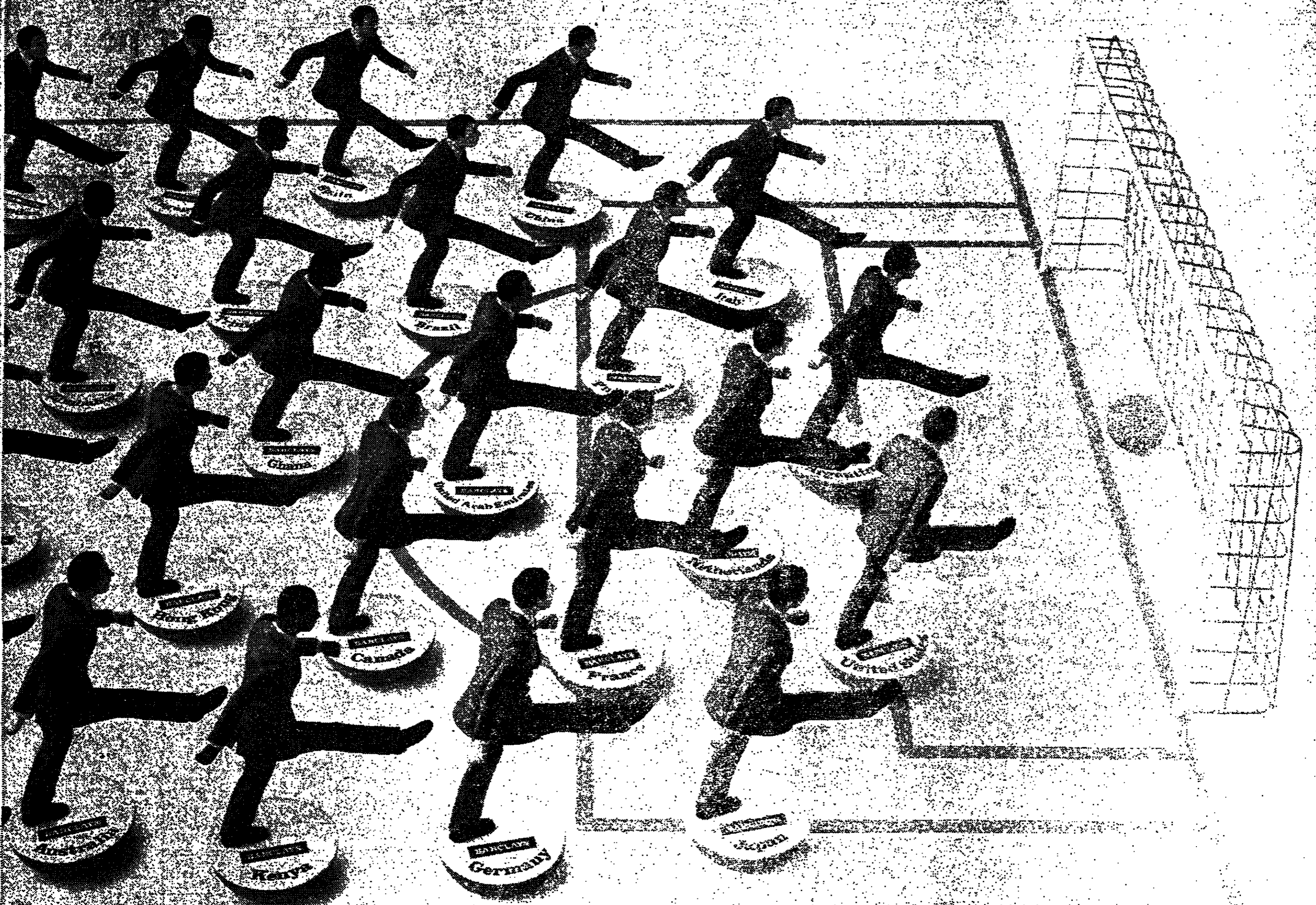
UN group approves funds for African news agency

and endanger the freedom of the press. Britain, the U.S. and West Germany have been fighting tooth and nail to prevent this, backing the formation of the IPDC to take some of the sting out of the debate.

Newfoundland Capital Corporation Limited \$11,150,000

Advertisement for Newfoundland Capital Corporation Limited, offering \$11,150,000 in Class "A" Common Shares with Warrants. Includes contact information for First Marathon Securities Limited.

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PEOPLE WHERE IT COUNTS.

OVERSEAS NEWS

David Lennon examines discontent among Israelis in Yamit Sinai settlers hang on in hope

AN AIR of decay and incipient violence hangs over the Israeli settlements in north eastern Sinai, which are to be evacuated and handed over to Egypt when Israel makes its final withdrawal from the peninsula in April.

Border disputes remain

CONSIDERABLE differences remain between Israel and Egypt about where their new border should be, even though there are less than 100 days until Israel's final withdrawal from Sinai, David Lennon writes.

Mr Yitzhak Regev, chairman of the Settlements Committee, believes that they may take up arms to resist evacuation. "It is no longer a secret that a Kamikazi underground exists in the Yamit area. They do not consider that one or two killed would be a disaster when you are talking about stopping the withdrawal," he says.



Israeli children play in a sandbagged trench dug by Yamit settlers

Angry Arabs consider next move on Golan

SYRIA and other Arab nations reacted angrily yesterday to the veto cast by the United States at the United Nations Security Council on Wednesday night against a resolution imposing voluntary sanctions against Israel over its annexation of the Golan Heights.

Angola denies plan to negotiate with Unita

ANGOLA yesterday denied reports that it has offered to negotiate with Unita insurgent forces about ending the civil war in the country.

Mr Jonas Savimbi, the Unita leader, claimed that he had received a message from Luanda inviting him to begin reconciliation talks over the war, which began nearly seven years ago, when the former Portuguese colony became independent.

Zimbabwe MP to sue for assault

SALISBURY — Lawyers for the detained white Zimbabwean MP Mr Wally Stuttaford said yesterday he had been repeatedly tortured and beaten in an attempt to force him to change his statement of innocence of plotting a coup against the Government of Mr Robert Mugabe.

Offshore search Promising oil find in S. Africa

SOUTH AFRICA'S Government-controlled oil exploration organisation has claimed promising results from its recent offshore search south of Mossel Bay in the Cape.

Indian rebels to step up action

MORE rebel activity is expected in the troubled state of Mizoram in north-east India following the Government's decision to ban the Mizo National Front, which is seeking to secede from the Indian Union.

Khmer fighting 'not major battle'

BANGKOK — Thai and Western military officials said yesterday they did not think that fighting this week between Khmer Rouge guerrillas and Vietnamese-led troops near the border with Thailand marked the beginning of a major dry season offensive in Kampuchea.

WORLD TRADE NEWS

Turkey signs trade accord with Moscow

TURKEY and the Soviet Union have signed a trade agreement and expect two-way trade to reach \$600m (£315m) this year. The agreement, reached in Ankara, is a clearing arrangement and is hammered out annually. It stipulates an increase of about \$200m for the trade realised last year.

Indonesia takes tough line with investors

INDONESIA has announced measures to force foreign companies to abide by the controversial counter-purchase policy which took effect at the beginning of this month.

Soviet Union to buy Indian cotton textiles worth £105m

THE SOVIET UNION has agreed to buy 200m metres of cotton textiles from India this year worth about \$200m (£105m). The move follows talks between the two countries over a long-term textile contract in which the Soviet Union is interested.

General Electric plans thermoplastics plant

GENERAL ELECTRIC is to build a \$105m (£53.2m) plant to make its "Noryl" range of thermoplastics resin at Bergen op Zoom in the Netherlands. The new factory will make the Dutch operation self-sufficient in polyphenylene oxide, the basic of Noryl, which is at present imported from its Solkirk, New York plant.

Britain offers further £10m to help improve coal industry

BRITAIN has offered another £10m for modernisation of the Indian coal industry in addition to the £20m given last year. Details of the scheme, which is the fourth Indo-British co-operation committee meeting which ended in New Delhi on Wednesday.

Jenkin issues caution on Tokyo imports promise

JAPAN'S latest promise by her International Trade Minister to open her markets to foreign imports would be measured by early results, Mr Patrick Jenkin, Britain's Industry Secretary, said in London yesterday.

EEC moves to defuse trade rows with U.S.

FRESH ATTEMPTS to defuse worsening U.S.-EEC trade tensions will be made when a top-level European Commission team visits Washington on February 8 for three days of talks.

Agricultural fair opens

WEST BERLIN has become the largest test market for foreign food products and industrial goods. Germany has become the world's fourth largest exporter of agricultural products. These themes at the "Green Week" agricultural exhibition, a West Berlin, which opens today.

Ford heads Danish car market

TWO EAST European car models, the Skoda and the Lada, impressed their joint shareholders, the Danish car market, which is set to open in 1990. The market is expected to be worth \$1.5 billion a year, when Ford said 8,795 cars, according to the Association of Auto Importers.

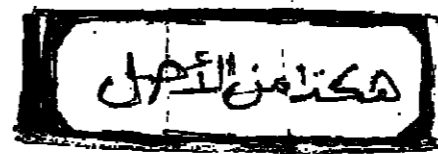
Ford heads Danish car market

THE British proposal involves a financing package of £240m consisting of grants and partly of export credits. The offer is being examined by the Ministry of Energy and is likely to be accepted in view of a serious power shortage in India.

Ford heads Danish car market

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Tootal ends fabric printing and sheds 600 jobs

BY NICK GIBNETT, NORTHERN CORRESPONDENT

TOOTAL, THE UK's third biggest textile company, is to close Strines, its Manchester fabric printing plant with the loss of 600 jobs.

As a result, the company, which has seen its workforce shrink by one-third in the past two years, will not print fashion fabric in Britain.

Tootal yesterday blamed the closure, which will be put into effect over the next few months, on a persistent decline in demand for such fabrics, erosion of cash margins and growing imports of fabrics and clothing.

The closure will lead to 470 redundancies at the plant, a further 100 in marketing and administration elsewhere in Manchester, and about a dozen redundancies in marketing at both Luton and Luton.

Tootal's fabric printing plant has not only been supplying companies in the Tootal group, but has also carried out printing for other manufacturers.

The company introduced a single-shift at Strines two years ago and cut administration staff in an attempt to stem losses, which were already becoming serious. That measure resulted in 260 redundancies.

Tootal said this move "unfortunately proved insufficient to stem the continuing losses at these works." It has already

Port dispute cost Trio Lines up to £30m

By Brian Groom

TRIO LINES, the international shipping consortium, hopes to begin using the Port of Southampton again soon, despite the fact that the port's 10 months of almost continuous closures has cost Trio — its biggest customer — up to £30m.

Mr Michael Leslie, heading Trio's team negotiating a new contract with the port, said he was delighted with yesterday's British Transport Docks Board agreement, with its workers who are to return to full shift work tomorrow. Trio last used the port in September.

Mr Leslie's team met with port officials again yesterday, but he emphasised there are problems still to be resolved after months of negotiations. A 10-year contract between Trio and the port ended on Monday.

His comments are encouraging for Southampton, which is faced with the task of winning back business.

Mr Leslie is UK assistant general manager of Nippon Yusen Kaisha, one of two Japanese companies in the five-line consortium, which operates the Far Eastern trades.

John Griffiths looks at the tangled finances of the Belfast car group Government plans tighter grip on De Lorean

MR JOHN DE LOREAN and his executives in Belfast and New York should by now have a pretty clear idea of how the Government plans to exert greater influence on the car company for which it has provided £56.86m in cash and £10m in bank guarantees.

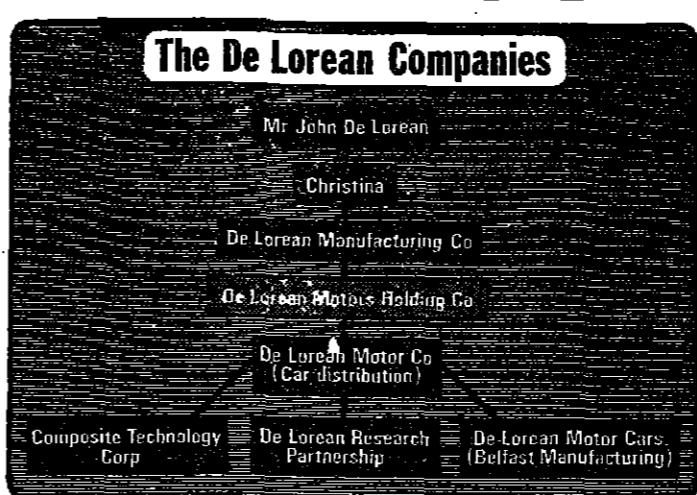
The pace of events in the past two weeks, with De Lorean seeking a further £30m in aid and with 1,000 jobs now at risk, has served to obscure the significance of a pre-Christmas Commons answer by Mr Adam Butler, the Northern Ireland Minister of State.

In it, he said the Government has decided "in principle" to extend guarantees for existing bank loans. The details of conditions for doing so would be given later.

Thus, well before Christmas, De Lorean's board knew that the price for the guarantees being confirmed was likely to be a firmer Government grip on the company's affairs. Mr Butler's statement in the Commons this week that the guarantees would be extended, but that a major review would be made of the Government's role, is partly retrospective.

The process is already in train, and De Lorean's latest predicament has served only to strengthen the Government's resolution.

It is covering ground of considerable complexity, both in terms of the structure of the several entities comprising the



De Lorean enterprise and the existing Government relationship with it.

All Government funds injected into De Lorean have been through De Lorean Motor Cars, the Belfast manufacturing subsidiary. It is in this company that the Northern Ireland Development Agency holds its £17.5m equity stake, in £1 redeemable participating preference shares, of which it is the sole holder.

De Lorean Motor Company of the U.S., the sales and distribution company, is its parent, DMC's contribution to the Belfast company was \$546,000 share capital—all the common £1 stock.

But DMC controls it, because it has 90 votes per share against the 1 per share of the Northern Ireland Development Agency's stock.

De Lorean Motor Company itself is controlled by John De Lorean, who holds 10m of the 11.5m common stock through De Lorean Manufacturing Company, which makes tracked snow vehicles among other activities. That company is in turn wholly owned by a group named Cristina (the name of Mr De Lorean's wife) a Nevada-based corporation, again wholly owned by Mr De Lorean.

Until the decision at the start of this year to abandon a planned public share issue for

£12m, another link in the chain was to be added. This was the creation of De Lorean Motor Holdings, to which De Lorean Motor Company (DMC) and the Belfast company would have become direct subsidiaries. That flotation would have put a paper value on the company of about \$200m, of which 54 per cent would have been De Lorean's.

As it is, the holding company for the moment remains, as one executive put it yesterday, "just a piece of paper."

There are other complications. Also entitled to a return from the enterprise is the De Lorean Research Partnership, a group of private investors who put up \$15.5m at an early stage and who are entitled to up to 23.5 per cent of DMC's profits, or as an alternative royalties of £225 per car.

Another DMC subsidiary, Composite Technology Corporation, is also the recipient of royalties for its contribution towards the plastics technology of the car.

The Northern Ireland Development Agency is entitled to two seats on the board of both the Belfast company and DMC. These have been occupied by Mr Alex Fetherstone, a solicitor and industrial adviser to Northern Ireland officials, and Mr James Sim, a banker.

The Government wants to strengthen its board presence numerically, and may consider new appointments.

Increase in private architects' commissions

By Paul Hannon

NEW commissions for private architects in the UK rose 13.7 per cent in real terms in the third quarter of 1981. This followed an 8.2 per cent increase in the previous quarter.

According to the Royal Institute of British Architects, the rise would have been sharper but for the continued decline in public sector commissions, which were 28 per cent down on the corresponding period in 1980.

Private sector architects derive about 25 per cent of their fee from public sector sources. The comparable figure two years ago was 36 per cent.

In the private industrial and commercial sectors new commissions in the third quarter of 1981 were 40 per cent higher in real terms than in the comparable 1980 quarter. The institute suggests that the overall level of economic activity is increasing rather than just diminishing less sharply.

Private housing commissions increased steadily on an annual basis, although less sharply than the trend in non-housing.

Private practices in London and the South of England improved their workload, while Scottish architectural offices received their lowest level of new commissions for four years.

MP calls for action on Libyan debt to Lovable

FINANCIAL TIMES REPORTER

MR NORMAN HOGG, MP for Cumberland, has called on the Department of Trade to take urgent action to retrieve £800,000 owed to Lovable—the brasserie company where the receivers were called in last October—for goods sent to Libya.

He said a central purchasing authority in Libya placed orders for £1.5m worth of goods, and although £1m worth of goods had been sent only £200,000 had been paid.

"The receiver told me the Libyan order is not the only difficulty facing Lovable, but I am in no doubt that if the cash was forthcoming it would help greatly."

When Lovable went into receivership it was announced that the company had healthy order books but was suffering from a severe cash flow problem.

Shortly afterwards 123 employees were made redundant. Shop stewards believed that the move had safeguarded the remaining 300 jobs.

Earlier this month the receivers, who are now in Italy, announced that they had reached an advanced stage of negotiations to sell the company to Lovable Italy, in association with Berlei (UK).

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UK NEWS

Best year ever for investment in unit trusts

BY ERIC SHORT

LAST YEAR was the best ever for unit trust investment. Sales of £955m were almost double the figure for 1980, the previous high. Figures issued by the Unit Trust Association yesterday show net new investment of £528m broke a 13-year-old record by more than 100 per cent.

Forward indicators offer more hope of recovery

BY DAVID MARSH

GREATER HOPE for the strength of the economic recovery emerged from the Government's latest batch of forward-looking indicators published yesterday. The Central Statistical Office said the composite index of longer-leading indicators, which look ahead generally to turning points in the economy 12 months ahead, rose in November and December after a sharp fall between May and December.

Institutions turn from overseas shares

By David Marsh

UK INSURANCE companies, pension funds and other big institutional investors sharply lowered their purchases of overseas shares and returned attention to the London equity market in the third quarter last year, according to official figures published yesterday. Slackened overseas activity coincided with the weaker performance of foreign equity markets, led by New York and Tokyo, towards the end of the quarter. This spilled over to London in late September.

Burton chief forced to drop house deal

By JOHN MOORE

INSTITUTIONAL shareholders of the Burton Group, the clothing company, have forced Mr Ralph Halpern, the chairman and chief executive, to drop plans for a controversial house purchase deal. The move came after a meeting of eight institutional shareholders representing pension funds and insurance companies. Pension funds hold 43.3 per cent of Burton shares and insurance companies about 8 per cent.

Pilkington's tax cut plan rejected by Law Lords

By Raymond Hughes, Law Courts Correspondent

ANOTHER multi-million pound tax avoidance scheme has fallen at its last legal hurdle in the House of Lords. The Law Lords yesterday threw out — by a 3-2 majority — a scheme under which Pilkington Brothers, the glass manufacturers, acquired from another company a trading loss to set against profits for corporation tax purposes. An Inland Revenue appeal against a High Court ruling in Pilkington's favour was allowed.

Mitsubishi cuts truck allocation to British importers

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MITSUBISHI OF JAPAN has cut the allocation of light commercial vehicles to its importer in the UK by 40 per cent from last year's level—from 1,000 to 600. The move reflects the new understanding about light commercials thrashed out between the Japanese and British motor industries at the end of 1981. There had been a row about the number of Japanese light commercials—mainly vans and

A hard Act to follow for City regulators

Duncan Campbell-Smith analyses proposals for new rules on licenced dealers

The Department has itemised those aspects of each management contract which must be explicitly covered by contract, and is particularly fastidious over discretionary management arrangements. The prescribed treatment of all clients' money as trust funds is designed to ensure that clients' accounts opened by a dealer/manager with a bank benefit from the same obligations of care and responsibility which that bank would have towards trustee accounts in the normal way.

STATUTORY INSTRUMENTS

are only as good as the Acts they hang from, commented one stockbroker yesterday—and no one in Whitehall appears to doubt that the 1958 Prevention of Fraud (Investments) Act remains scarcely adequate on one count. That is to supervise that modern City hybrid, the licenced dealer acting within the law as a free-wheeling investment manager.

U.S. coal chief proposes talks with Europeans

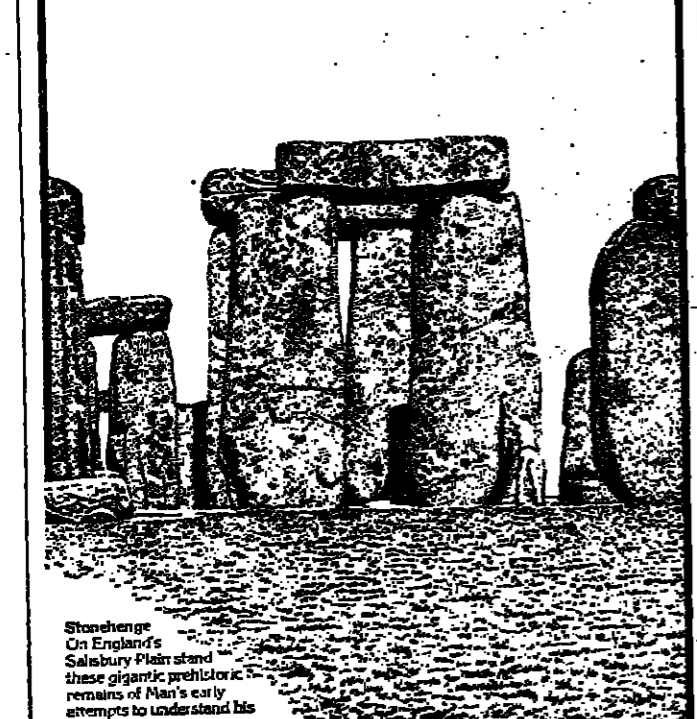
Martin Dickson reports on a call to give buyers a better understanding of the American market

TALKS BETWEEN European coal consumers and U.S. producers were proposed yesterday by Mr Carl Bagge, President of the U.S. National Coal Association. He told a conference on World Coal Markets, organised by the Financial Times and its newsletter, International Coal Report, that the U.S. was anxious for European coal buyers to understand the American system better. The forum would be similar to an annual Japanese-U.S. coal conference which brought together coal industry and government leaders from both nations.

FINANCIAL TIMES WORLD COAL MARKETS CONFERENCE

The fall in U.S. coal fired capacity was due partly to a reduction in the average size of new units because of the budget constraints facing some utilities. Mr McGee estimated Japan would see a doubling of electricity generating capacity by 2000. Dr Ian Torrains, of the Organisation for Economic Co-operation and Development's environment directorate, said environmental issues need not be a constraint on the development of coal. Technological solutions were available for all the potential pollutants associated with coal, except carbon dioxide which was not yet a

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Counties protest at loss of aid from EEC

By ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A three-man delegation from Devon and Cornwall was to lobby the counties' MPs and two Euro-MPs next Tuesday against an EEC proposal which would reduce the area's grants from the regional fund. It hopes to follow this with a meeting with Mr Michael Heseltine, Environment Secretary, and Mr Patrick Jenkin, Industry Secretary—the two ministers responsible for regional fund matters. The three Yorkshire county councils, and Humberside, which also face a cut in Euro-aid, have written to their MPs, seeking to put pressure on the Government. Hull city council has called a conference next month to bring greater publicity to the issue.

Promotion at Babcock Power

Mr R. Bagley, managing director of the contracting division of BABCOCK POWER since 1976, has been promoted to deputy managing director of the company.

Mr E. Knight, solicitor of the BRITISH TRANSPORT DOCKERS BOARD, is to retire in May. His successor will be Mr R. V. Pearce, who has been the board's deputy solicitor since 1978. Sir Willie Morris has resigned from the board of LLOYDS BANK INTERNATIONAL due to continuing ill-health. Mr J. Alastair Smith-Marwell has been appointed sales director of BLUE CIRCLE CEMENT. Mr Smith-Marwell was the customer relations director of the company's Portland Cement division. He has taken on an expanded role as commercial director. In addition to the overall control of the national distribution network, he will be responsible for marketing and administrative services of the marketing division. Mr Nigel Barry, national sales director, will retire during 1982, after completing a number of special projects for the company. Mr Edward Buckley has been appointed company secretary of BARRATT MANCHESTER. Mr Harry Trewell has been appointed corporate sales director for INVICTA PLASTICS. Mr Martin Egley has been appointed managing director of RICHARD ROBERTS FABRICS. Mr Bagley was commercial director of Equelite Fabrics. Mr E. Knight, solicitor of the BRITISH TRANSPORT DOCKERS BOARD, is to retire in May. His successor will be Mr R. V. Pearce, who has been the board's deputy solicitor since 1978. Sir Willie Morris has resigned from the board of LLOYDS BANK INTERNATIONAL due to continuing ill-health. Mr J. Alastair Smith-Marwell has been appointed sales director of BLUE CIRCLE CEMENT. Mr Smith-Marwell was the customer relations director of the company's Portland Cement division. He has taken on an expanded role as commercial director. In addition to the overall control of the national distribution network, he will be responsible for marketing and administrative services of the marketing division. Mr Nigel Barry, national sales director, will retire during 1982, after completing a number of special projects for the company. Mr Edward Buckley has been appointed company secretary of BARRATT MANCHESTER. Mr Harry Trewell has been appointed corporate sales director for INVICTA PLASTICS. Mr Martin Egley has been appointed managing director of RICHARD ROBERTS FABRICS. Mr Bagley was commercial director of Equelite Fabrics.

well-defined problem. Mr Bruce Pasternack, vice-president of the energy and environment division at Booz Allen and Hamilton, said two years ago there had been an unwarranted boom in support for synthetic fuels from coal. He said people suggesting synthetic fuels were the answer to energy problems in the short and long-term. Today, synthetics were still alive but the future looked less exciting. Some plants had been cancelled or postponed, private capital had been slow in coming forward, and the share prices of key companies involved had been falling. The change seemed due to questions about the potential market for synthetics when production costs were compared with those of conventional fuels. Mr Rajat M. Abu-Kindra, economic adviser to Kuwait's Oil Ministry, said some members of the Organisation of Petroleum Exporting Countries might aid the development of coal reserves in the developing world. He said the creation of a World Bank energy affiliate would help. Come chairman of the board of PHOTOGRAPHIC SCIENTIFICS UK and responsible for its overall management. He is a director of Henry Tribology Corporation and chairman of the Foster, Hickman and Zwemlein Fax Managed Fund Inc. Dr Blackett, who was chairman of the board and chief executive officer, has become president. He will retain responsibility for technical developments of the company. Dr Hickman has also become chairman of Photographic Sciences International, which supplies scientific and photographic systems packages in the UK and Europe. CARRIGAN UNDERPIN has appointed regional manager Mr Dudley Lloyd to the board. Mr John E. R. Lee has been appointed director of ROBIN HARTLEY GROUP ASSOCIATES. Mr G. W. Hainly, 3 manager in international banking division, head office, Wellington, has been appointed to succeed Mr Russell. Mr Keith Ness has been appointed managing director of COMBEX, a subsidiary company of Tamwale. He replaces Mr Dick Van Wely who is taking up a new appointment outside the toy industry. Mr A. F. Houghton has been appointed director of P.A. MANAGEMENT CONSULTANTS' northern region, based in Manchester. Mr John H. Hickman has been

FINANCIAL TIMES SURVEY

Friday January 22, 1982

Building Societies

The societies' special relationship with their customers has dwindled as competition from National Savings and banks has put them under increasing pressure. In question is the ability of smaller societies to survive and the way the movement should develop in future.

Banks setting the pace

BY MICHAEL CASSELL

THE BUILDING SOCIETIES have had a distinctly unimpressive year and they begin 1982 with few illusions about the scale and strength of the challenge which threatens their future.

Wrapped costly in a blanket of self-assurance that has been woven by years of dominance in the personal savings and housing finance markets, they have finally been exposed to the icy blast of full-scale competition from the banks.

Some societies believed it would never happen, others that it might, now all of them are having to come to terms with a fresh set of ground rules and a clientele which has proved itself ready to do business (lending or borrowing) with whoever makes the best offer.

The societies' longstanding pride in their "special relationship" with the customer looks increasingly vulnerable as deposits dwindle and huge numbers of home buyers desert in an increasingly successful search for higher returns or lower mortgage charges. Banks are now lending on at least one in four mortgage advances.

The industry has several unpalatable facts on which to ponder. The Government intends to finance a large part of the public sector borrowing requirement from the private savings sector, while the banks seem hellbent on setting the pace in the mortgage market, not least because they wish to rebuild their savings deposit business.

What is more, both sets of competitors have been extremely effective at a time when the recession has itself made the going tough. The societies may complain that the Government's "tapping device" is grossly unfair and they may also charge the banks with indulging in a temporary mortgage market flirtation, but no amount of foot-stamping is going to flatten the opposition.

While the societies have huffed and puffed and tried to reach some consensus on how best to react to the new set of circumstances, the efforts of their competitors have paid handsome dividends. Not only are the societies' problems confined to repelling the challenge from beyond their own ranks, with competition between them reaching new and uncharacteristically strident heights.

Whatever the longer-term aspirations and targets of the banks (how will they fare if interest rates fall back significantly?) the extent of their recent inroads into the mortgage finance market has been remarkable.

As the building societies readily point out, the banks have been down the housing finance road before and then withdrawn when demand from traditional customers returned. There are those within the societies, unconvinced about the long-term threat posed by the banks, who take comfort from this previously erratic performance. But for the time being at least, the banks show every sign of viewing mortgage business as an

important element in their financial services.

The latest available figures on bank lending amply illustrate the extent of the inroads which have been made into the societies' traditional territory. In the three months to the middle of November 1981, the banks lent £805m for house purchase against £800m in the previous quarter and just £311m in the preceding three months.

By the end of last year, outstanding mortgage loans had risen to nearly £5bn and while, 12 months ago, the banks accounted for about 10 per cent of the new home loans market, the figure looks to be substantially in excess of the 25 per cent level which has recently been widely assumed. Indeed, in the November quarter alone, the banks appear to have accounted for about 40 per cent of all net advances.

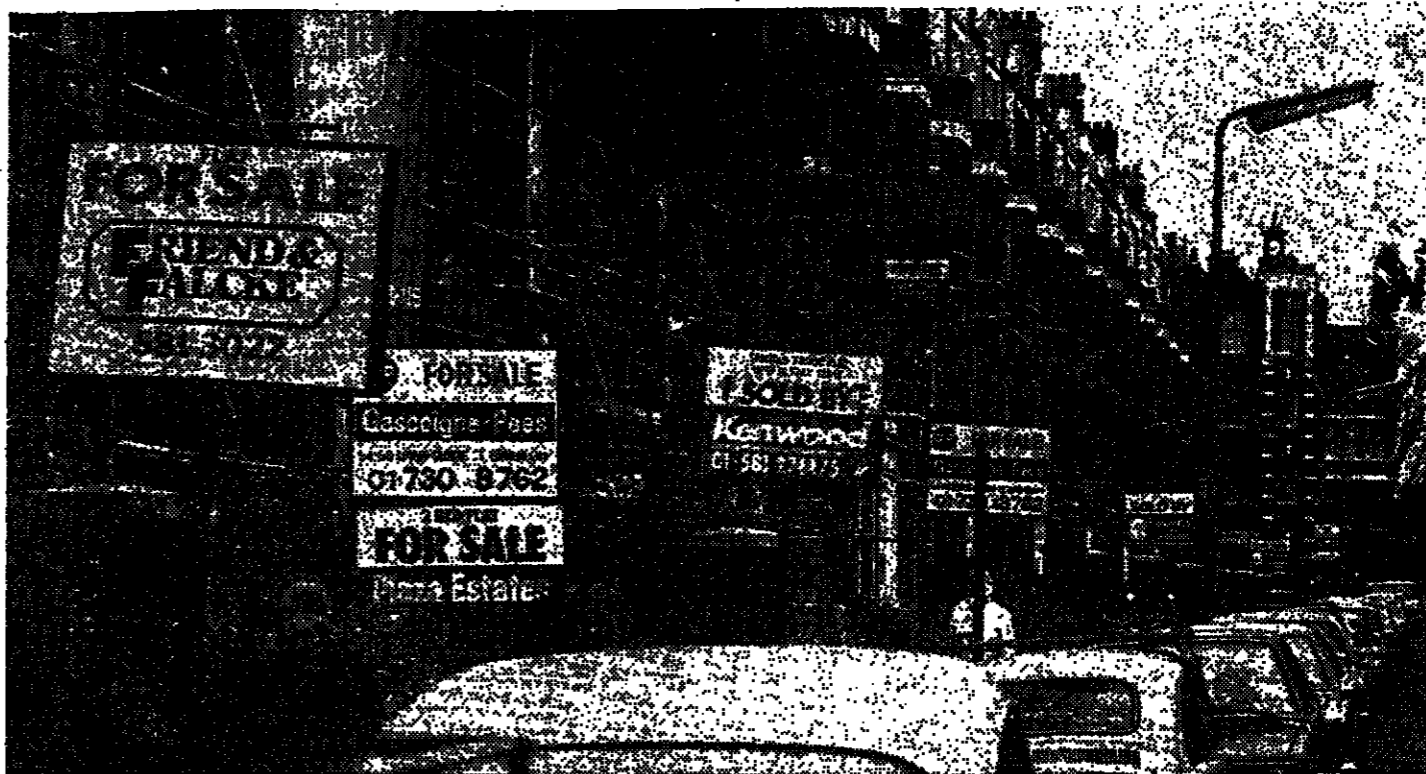
Suspicious

Little wonder that the first signs of official concern have already begun to show and that the authorities are keeping a close eye on events, not least because of suspicions that the banks' so-called mortgage lending is extending to embrace a wide range of consumer items.

But the societies' problems are compounded by the intense pressure being applied simultaneously to the savings side of their business. The Government's determination to help finance the public sector borrowing requirement via the

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Roger Taylor

personal savings sector—it is looking for £3bn in the current fiscal year—helps to tighten the straitjacket.

The societies are forced to accept that they simply cannot compete on equal terms with National Savings and their room for manoeuvre is now strictly limited by the effective ceiling placed by the banks on what the societies can charge for mortgage funds.

As Mr Roy Cox, chief general manager of the Alliance, recently put it: "One could be forgiven for thinking that the Government had prompted the banks into effectively pegging our mortgage rate so that National Savings could carry out a mopping up operation."

The dilemma has brought considerable disarray to the societies on the question of mortgage interest rate policy. Sufficiently concerned by the

banks' highly competitive position on mortgages and by mounting evidence that large sections of existing and potential home loan business are disappearing, the societies have been forced to take action.

No sooner had one major building society—the Woolwich—decided to abandon its differential mortgage rate policy, in an attempt to get back on an equal footing with the banks, than most of the others reluctantly fell into line.

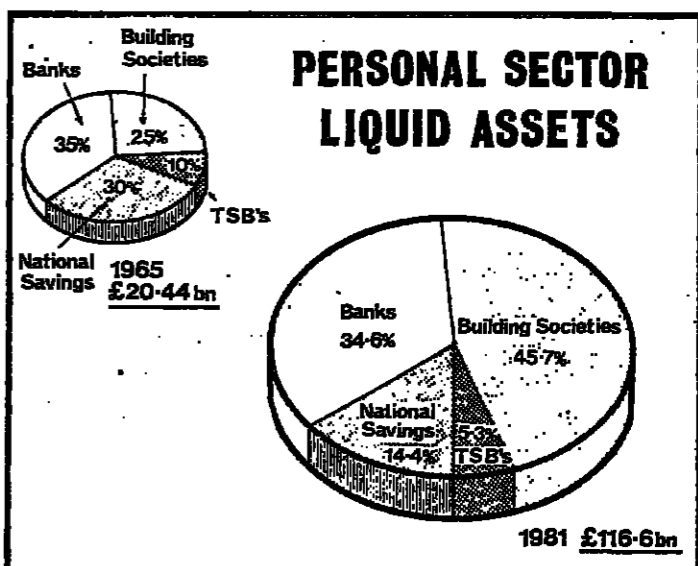
But the differential system—whereby rates are related to the size of the loan—until now has provided the very source of additional finance required to fund the new expensive term-shares upon which the societies have become steadily more dependent.

Therefore, until the oppor-

tunity arises for an all-round adjustment in interest rates, the societies' margins will remain under considerable pressure. Some have refused to expose themselves in such a way and have held on to, or modified, differentials, but the extent to which their businesses suffer remains to be seen.

It is an irony that the liquidity of many societies is actually increasing in the face of growing numbers of mortgage redemptions on the part of borrowers changing over to the banks.

Given the short-term economic outlook and the prospect of little let up in the intensity of the all-round competition, it seems likely that many societies will be struggling to achieve any growth at all over the next 12 months.



CONTINUED ON NEXT PAGE

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BUILDING SOCIETIES II

Wide divergence in financing systems

WITH ABOUT half of all homes in the countries of the EEC now owner-occupied and the rate of home ownership increasing in every member state, the role of European housing finance organisations continues to take on added importance.

But if the desire to own a home is a factor common to most of Europe, the system of providing the necessary funds is anything but uniform. The wide divergence in existing financial systems illustrates both the opportunities and the potential difficulties involved in achieving an eventual common market in the housing field.

While Britain is regularly portrayed as the easiest EEC country in which it is possible for most people to become owner-occupiers, it does not necessarily mean that the British housing finance system is in any sense "better" than in other EEC member states.

The price that has to be paid in Britain for this relatively easy access to money is the variable mortgage rate—in no other European country can the mortgage rate paid by the majority of borrowers be changed as frequently, or as substantially, as in the UK.

Though the finance systems vary substantially, they fall into three basic categories. Some are based on the contract system, through which the funds for house purchase are partly provided by contractual savings schemes for those seeking loans. However, this formula can provide only a limited proportion of the purchase price which house buyers require and has to be operated in tandem with one or both of the other alternatives.

These involve the savings bank system, under which financial institutions raise short-term savings on the open market and then lend on at variable interest rates to house purchasers; and the mortgage bank

network, through which loans are funded by bond issues, made on similar terms. Some European countries, such as Britain and Denmark, rely solely on just one approach while others, like West Germany, employ all three options.

The highest proportion of home owners is in Ireland (around 75 per cent) and the lowest is in West Germany (about 40 per cent) where private rented accommodation forms a slightly greater proportion of the total housing stock, despite clear evidence that the majority of people would like to own their homes.

It is evidence like this which tempts British building societies to consider the prospect of establishing full European savings and lending operations across the English Channel, though progress is bound to be slow.

For not only have the societies to confront and overcome a daunting barrier of laws and regulations governing the activities of EEC credit institutions, they will also need to reappraise some old attitudes towards their business, tried and tested at home but potentially useless in a new market place.

The legislative process of the European Community represents a maze even for the legal profession and the building societies cannot escape it if their aspirations (which are by no means commonly shared by the movement as a whole) are to be realised.

A general "umbrella" directive concerning credit institutions was approved in 1977. Limited in its requirements, the directive simply insists on a system of authorisation for institutions and says that they must possess adequate and separate own funds. Members of the EEC are permitted to defer application of this directive to financial institutions for

a maximum of eight years and the UK Government chose to take advantage of this concession in the case of its own building society industry, along with the savings banks.

With a 1985 deadline, however, some amendment to the societies' controlling legislation cannot be too far away and is likely this year. In addition, the societies themselves have been talking to the EEC Commission about a specialist directive to govern housing finance institutions.

Implementation of the general directive on credit institutions is not the only legal obstacle to be overcome and primary

to be unacceptable, whether it is borne by the borrower, the lender, or the institution.

Apart from the problems of exportation and repatriation of domestic currency, the societies could also face accusations of removing funds from a home market which might well find itself deprived of the necessary volume of finance to maintain activity at desirable levels.

In such circumstances, the societies could hardly turn off the tap in Europe in favour of the UK—not without undermining their chances of establishing and maintaining a growing business on the continent.

No wonder that the second basic operational alternative is generally regarded as being the best, although this could be frustrated by national and local legal requirements. Hopes of overcoming this potential problem lie largely in the adoption of a special directive on housing.

The UK societies have been pressing for powers to enable them to adopt either operational method, though they are keenly aware that such an opening would also invite competitors to begin operations in the UK. So-called "freedom of establishment" would work both ways and although such a trend might work to the benefit of

the consumer, it undoubtedly would heighten all-round competitive pressures. Until recently, the UK societies have had little taste of what that can mean.

Until last year, they rarely had to fight for mortgage business and their recent experiences could prove to be a permanent feature of their operations. If Europe was opened up to all the housing finance institutions,

With the barriers gone (not forgetting those on the taxation front) the societies would expect only a slow build-up of interest and of actual operations, and few participants may be involved in the early stages. There have been some suggestions that societies might contemplate joining forces in consortia to make inroads into the European market place.

The first tentative steps on the continent have already been taken by UK societies. One major society has an office operating in Brussels—designed to provide advice and some services for the large numbers of British expatriates working in the City—who other societies are examining the scope for operations, in readiness for the time when continental participation can become a reality.

Similarly, some of the European housing finance institutions have been shaking proposals for business in some neighbouring states and their interest ultimately could extend to the UK.

But no one involved imagines that the opening up of the EEC nations to complete freedom in the field of housing finance is going to lead to a washout of a pattern in which each country already has developed a system that suits its own people best. As one building society executive put it: "We must not fool ourselves that a UK building society meets some long-felt need of continental Europe. In many cases, there is no obvious slot in either the savings or mortgage markets, which already both experience considerable competition."

"While some people believe that full participation within the EEC is desirable and potentially rewarding, others are far less certain. As long as demand in domestic markets can account for all available resources, they may well be reluctant to go any further afield."

"Alternatively, it would be disastrous if UK societies found themselves on the receiving end of serious competition from the Continent, without being in a position to fight back."

European links

MICHAEL CASSELL

legislation will be necessary to change the Building Societies Act, 1962, which does not permit cross-frontier activities.

A number of amendments to the Act appear to be essential, not least the removal of existing limitations which confine lending to freehold or leasehold property, a form of tenure unknown to most other European countries.

Once the barriers are removed, the societies can choose from two basic methods of operation on the European mainland. They can extend their services from a UK base, in much the same way as they have developed from local operations in the UK to nationally represented organisations, or they can establish a separate presence in the markets they wish to serve.

But without the presence of a European currency there is a clear currency risk involved in adopting the first option. Such a risk is generally considered

DO CONSUMERS get a fair deal from building societies? Since building societies are a long-established and honourable movement—founded in the 18th century and steeped in the traditions of thrift and mutual aid—that question should be academic. Yet building societies are often the subject of grosses by consumers, sometimes justified and sometimes not.

The Consumers' Association, publishers of Which? magazine, points out that "the building societies' dominant role in providing mortgages in the UK puts them in the front line for criticism." But, it adds, "often that criticism should be directed elsewhere—at the Government or local authorities, for example."

The National Consumer Council, in a report published last year, also says that "it is understandable that building societies, with such signal economic success to their credit and a great social transformation to boot, should not look too kindly on comment from outside."

In addition, the NCC report points out that the building societies in the past have shown themselves highly adaptable to change. "But the pace of change has now quickened," the NCC argues. For example, the NCC says that "it is not simply that many more married women work, whether or not they have children, but that one in eight families in this country is now headed by a single parent." Thus there are more single people who aspire to home ownership as well as more people who want to buy houses in joint family groups. Moreover, the sharp decline in rented accommodation, the

cuts in public sector spending and the low number of starts for new housebuilding have all created a different atmosphere in which the building societies have to operate.

But probably the greatest degree of criticism levelled at the societies is for their bureaucratic ways, their aloofness and their lack of frankness. The societies are not as full and frank as, in our view, they should be in the information they disclose to their consumers, whether they be investors or borrowers," the NCC says.

"We have given many examples in the course of the

that basic lending criteria should be given prominent display in all branches—the NCC also wants it in language "appropriate" to the area of the branch office—and any changes given equally prominent publicity.

Understanding such criteria can be of vital importance to the customer. For example, an investor who saves regularly with a building society may find that when he wants a mortgage, he does not qualify on some other grounds.

Building societies argue that they already freely publicise their lending criteria. Yet an association survey found that the message was not always getting across. While seven out of every 10 consumers surveyed said that they had been given information on how much they could borrow, only four out of 10 were aware of the percentage valuation that could be lent.

Moreover, only 23 per cent were made aware of whether or not they had saved long enough with only 39 per cent had been given information on the type of property the society was usually willing to lend money on.

Given the emotional importance of a home to most people, it is perhaps not surprising that consumers may not always feel happy with the treatment from building societies.

Yet the same degree of animosity has not yet become apparent with the clearing banks' involvement in home loans. Perhaps this may be another example of how competition (from the banks) may be good for the consumer in persuading building societies to change with the times.

Lack of frankness the main criticism

Consumer's view

DAVID CHURCHILL

report and consider that, taken together, they add up to a strong case for much more frankness."

The Building Societies, for example, have only recently started disclosing valuation reports to the customer—reports for which he has paid the fee. Such disclosure may have had more to do with the competition from the banks, many of which disclose valuation reports, than with any change of heart by the building societies' movement.

Both the Consumers' Association and the National Consumer Council agree that more could be done by societies to communicate their basic lending criteria to customers, both borrowers and investors. It is suggested

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Banks set the pace

CONTINUED FROM PREVIOUS PAGE

Many society executives believe in any case that measuring performance by growth should be a thing of the past and that societies will have to pay much closer attention to maintaining adequate margins and reserves. The profit objective, it appears, could finally emerge as a respectable concept.

All of which leads inevitably to the question of the ability of many smaller societies to survive—in their present form—and what lies ahead of them. Although the number operating is continually falling—they were down to 257 by the end of September 1981 from 287 12 months before—there remain many whose future must be questionable.

While there is no suggestion that these will collapse, it seems clear that few of the smaller societies will be capable of responding to the challenge of a highly-competitive market and that any future they have must involve integration with stronger partners.

In his last annual report as Chief Registrar of Friendly Societies, Mr Keith Brading cast doubt on the ability of many small societies to cope with intense competition and warned that the time left for advantageous mergers was running out.

Mr Brading's belief is that the societies most likely to prosper are those with the scale of resources which will be required to tackle the type of offensive now under way. The

societies' future success will centre not only, of course, on their ability to lead off the challenge of the banks, but might also involve much deeper penetration into the opposition's own territory.

If the societies take the plunge and begin a much more extensive development of their own financial services along bank lines, the resources required will be enormous. They are already expected to become more heavily involved in providing money transmission services over the next decade as new technology reduces the clearing banks' dominance in this field.

Within the societies, computer-linked counter-top terminals have already arrived and automatic talking machines are on the way, while moves by the societies towards establishing money transmission terminals at retail outlets could open up the way for competition on what they have come to regard as their own territory.

The case for added strength through mergers is strongly supported by people like Mr Philip Court, chief general manager of the middle-ranking Midlands Building Society, now steering through a merger with the Liverpool Building Society.

"I am happy about the competitive position which has arisen but the changes taking place across a wide front imply that the larger the society is, the better its chances of survival. By the year 2000, we could be talking about the ten

national societies and about 15 regional ones.

The building society industry is going to become more directly involved in the housing scene as a whole and will no longer represent a source of finance, but again find itself building the houses needed.

"At the same time, the societies are inevitably moving towards providing a financial supermarket which will be able to offer a complete range of products. Until now, our business has been simple and direct: it gets money, complies with the prudential requirements and quality of staff necessary will both need to improve."

However, the scale of the potential problems which ahead should not obscure the societies' recent performance. The stagnation of house prices has helped create the impression that the private housing market—and hence the societies' business—has represented a "ghost" area in the past 12 months. But their track record clearly proves otherwise.

Activity has been running at very high levels and last year the societies' gross lending reached \$11.9bn against \$9.6bn in 1980. The number of loans also rose from 675,000 to 740,000, most of the best annual totals on record.

The overall performance, however, disguises the sort of widely diverging performances which have begun to emerge as competitive pressures mount and which seem likely to be characterised by the industry's progress over the next year.

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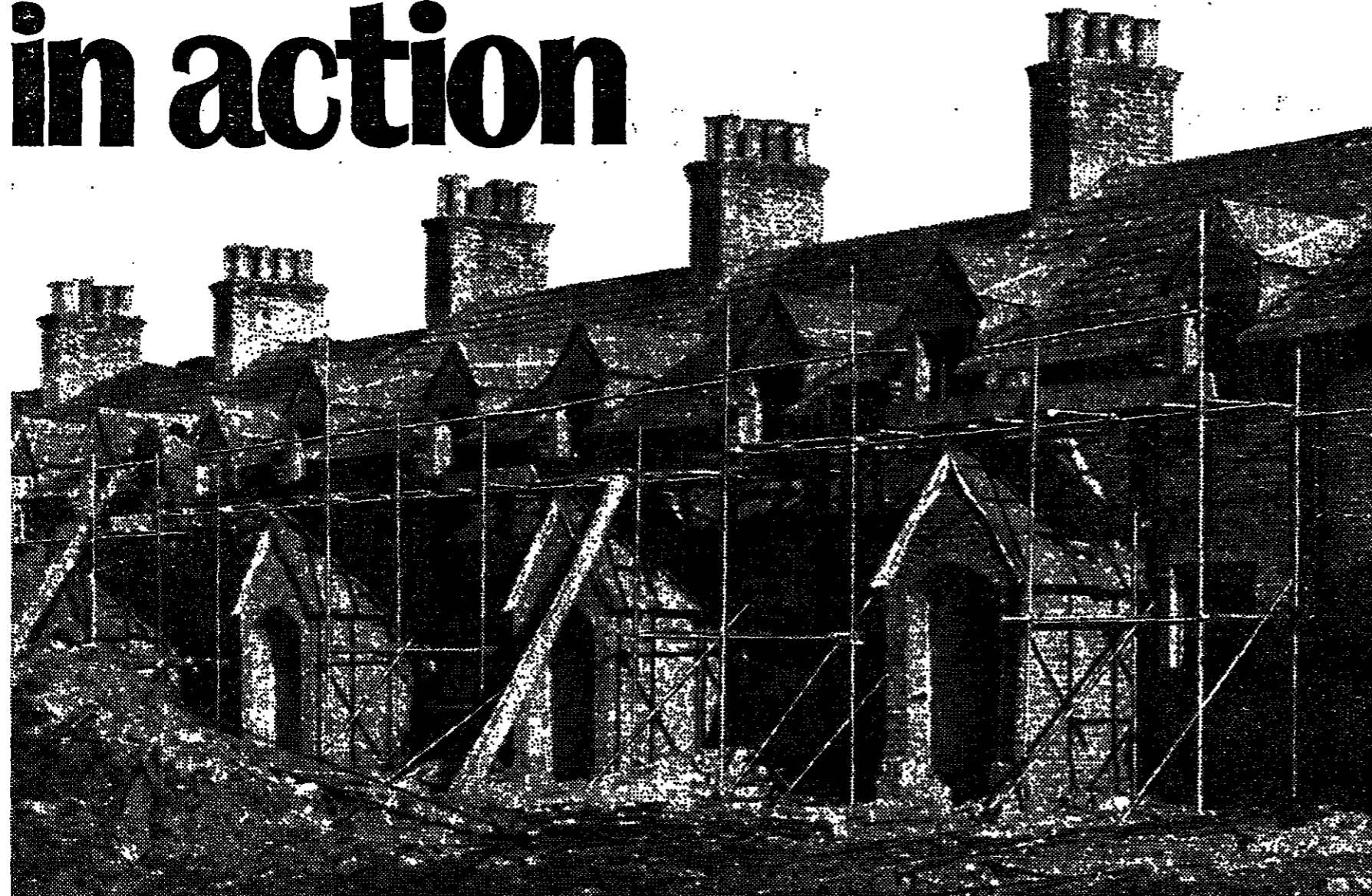
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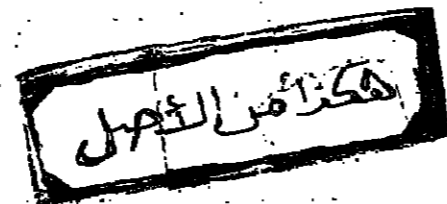
Nationwide is supporting the renovation of the Inkermann Barracks near Woking, Surrey in a development particularly aimed at first time buyers.

Nationwide is participating in schemes designed to give extra help to two big present day problems—first time buyers and inner city decay.

Over half Nationwide's lending now goes to first time buyers many of whom are on lower than average earnings.

Nationwide is also contributing to urban renewal programmes in the city centres of Liverpool, Manchester and Belfast, where housing improvements are urgently needed.

It pays to decide Nationwide



Nationwide Building Society

BUILDING SOCIETIES III

William Hall on the policy and attitude of one bank to mortgage lending

Long-term commitment to market

"WHEN WE originally entered the mortgage market in summer 1980 there was a 15 per cent overlap between our business and that of the typical building society," says Mr Gerry Esam, deputy general manager of National Westminster Bank's domestic banking division.

"The overlap is now 85 per cent," Mr Esam says and argues that the banks' entry should be regarded just like the appearance of a handful of large new building societies. The early concentration at the top end of the market has now been replaced by a broad thrust into the heart of building society territory, although NatWest, unlike some, draws the line at mortgages under £10,000.

He thinks it is unfortunate if the banks' competition is squeezing some of the smaller societies out of business, but stresses that his bank is here to stay. A sign of its long-term commitment to the market is the establishment of a special unit, National Westminster Home Loans, in Newhall Street, Birmingham, to process centrally the bank's new mortgage business.

The Birmingham staff has been built up to 150 and mortgage applications are being processed at the rate of up to 200 a day. Mr Esam admits that there were teething problems but feels that the bank's centralised operation is now working well.

The initial contact with would-be borrowers usually comes through the bank's 3,000 branches and the local manager normally gives his opinion about the credit-worthiness of the client. But processing of the

application is carried out in Birmingham, which also makes the final decision to advance credit.

"The bank feels that while there may be disadvantages in terms of removing so much of the operation from the branches, the efficiency of a centralised operation gives better control of the bank's exposure to the mortgage market in the build-up phase, and the efficiency appeals to clients' professional advisers, such as solicitors.

Rival

National Westminster, which has the largest UK branch network of all the clearing banks, has been slower than its close rival, Barclays, in penetrating the market. But Mr Esam says the bank has now committed more than £500m and his boss, Mr Maurice Denton, says the bank wants to become a "major force" in the mortgage market.

Mr Esam argues that the bank's decision to move into the mortgage market was not just to get a share of the lending but to protect the other side of the bank's balance sheet as well. National Westminster should be seen to be servicing all of a customer's financial needs, he says.

If a client has a mortgage from National Westminster it is likely that he will deposit his surplus funds with the bank, instead of with a building society. Indeed, the bank's mortgage application form contains a clause which says that in the event of an advance being made, the customer must maintain a bank account with NatWest.

Mr Esam says that customers

must think in terms of a bank for "the totality of their needs." He accepts that the banks' invasion of the mortgage market might force the building societies to move more into the banks' traditional areas of money transmission, but warns that anyone thinking of issuing cheque books "cannot forget the cost of dealing with those items, particularly the paperwork."

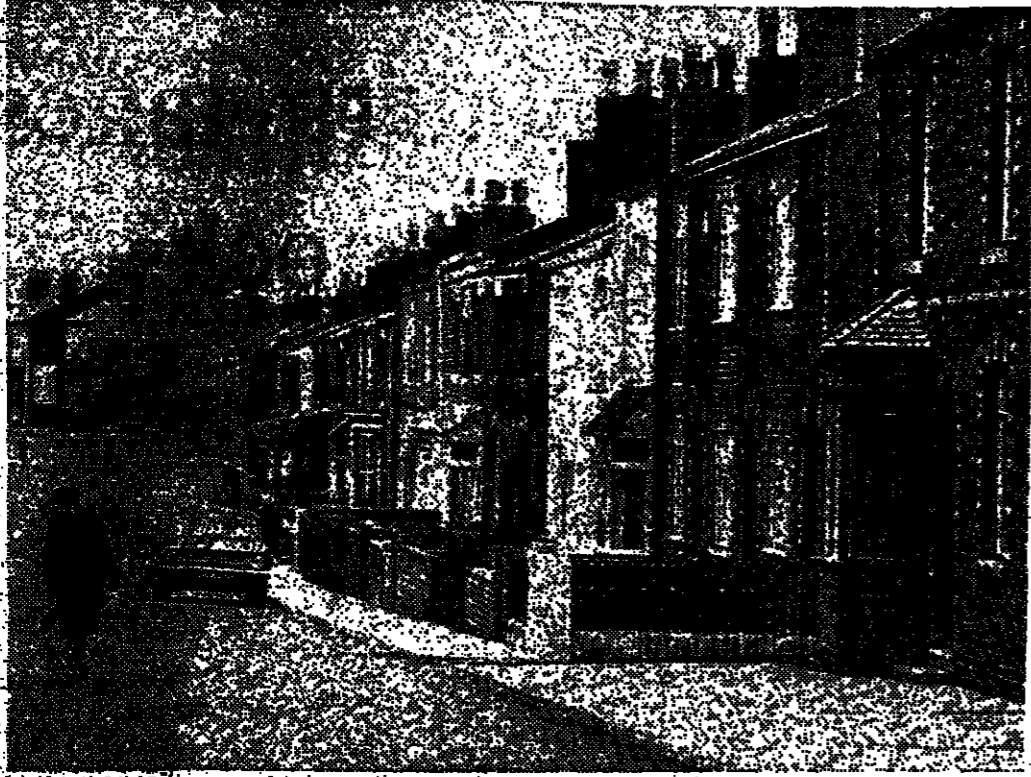
He denies that National Westminster, in common with the other clearers, is interested only in picking up mortgage business in the profitable South-East but admits that the bank's £10,000 minimum might make this look to be the case. A greater proportion of under £10,000 mortgages are made in the less well off areas of the country where house prices are depressed.

He also dismisses the other complaint by building societies that the banks are taking mortgages on to their books as loss leaders. "I would expect to see a worthwhile profit over the medium-term," Mr Esam says. "The market is a pretty good one. There are no bad debts to speak of, provided one observes reasonable criteria." In addition, he believes that it is more profitable business for the bank than ventures such as the business start-up scheme.

The bank has not yet become as heavily involved as Barclays and Lloyds with builders, offering financing schemes for first-time buyers. However, Mr Esam says the bank is reviewing the ways it can help the housing market and does not rule out joint ventures with local authorities.



Mr Gerry Esam: National Westminster's centralised operation is now working well with up to 200 mortgage applications a day being processed. The bank wants to be a major force in the business



Some societies are developing a closer involvement with the problems of inner cities by making finance available specifically for homes in these areas

Poor quality housing a key problem

THE RIOTS in Britain's inner cities last summer vividly brought home to the Government and public alike the reality of the poor housing conditions in which many people live. Whether such housing was the main cause of the riots is an open question, but there can be little doubt that sub-standard living conditions do not help to create a stable society.

But how much of the blame for the poor housing in the inner cities can be laid at the doors of the building societies rather than local and central government? Certainly, most observers believe that the failures rest largely with local authorities and whitehall - yet the building societies come in for criticism as well.

The National Consumer Council in its recent comprehensive and detailed report on the causes and cures of the inner city decline, building societies cannot turn their backs on the problems of the inner cities.

The council says: "In the past they have, by their inaction, led on certain types of property, in certain areas, to certain groups of people, contributed to inner city decline." Mr Mark Boleat, deputy secretary of the Building Societies Association, rejects such criticism.

A few years ago it was fashionable to argue that building societies were contributing to inner-city decline by refusing to lend in problem areas," he says.

Societies, rightfully, rejected such criticisms although of course there must have been cases where building society lending policy could have been faulted.

"Now, it is significant that there is a growing body of opinion which suggests that building societies should not be lending too freely down-market because this builds up problems for the future."

For example, Mr Boleat quotes a London Housing Aid Centre report, which says: "Evidence of growing problems affecting existing owner-occupiers (arrears and threatened foreclosure, problems of maintenance and repair, and marital breakdown) is a further reason for doubting the wisdom of excessive extension of owner-occupation down the income ladder and into poor quality properties."

The report, Mr Boleat points out, went on to comment: "The traditional caution of the societies may well be in the best long-term interests of marginal groups of potential purchasers since the high repair and maintenance costs of cheaper, poor quality housing can lead marginal buyers into serious difficulties."

Mr Boleat believes that the building societies generally accept these points. "The wider arguments about encouraging poor people to buy houses in inner cities have fortunately disappeared and I think there now is a general understanding of the need for building societies and other lenders to exercise caution while doing everything possible to help the people concerned and the areas."

The key problem with the inner cities is the poor quality of the housing stock. In London, in spite of extensive clearance and rehabilitation schemes since the mid-1960s, the degree

lined my belief that building societies are ideal institutions to take a major part in providing accommodation for rent."

Mr Thornton, who was part of the Environment Secretary's fact-finding team which visited Liverpool after the Toxteth riots, says that it is apparent that local authorities no longer have the means either to substantially add to their stock or adequately maintain what they already have.

"Large council estates 'red tape' themselves more graphically than any building society could be alleged to have done," he points out.

The Nationwide Building Society has earmarked £1m to help in the regeneration of inner city areas of Manchester. The money will be made available to help people buy derelict homes in areas close to the city centre.

The houses were acquired by Manchester City Council over the past six years but cuts in budgets meant it was unable to redevelop the properties itself. Consequently, the Nationwide stepped in by making funds available for prospective purchasers who will also renovate the properties.

The Woolwich also has a number of schemes to help people buy homes in the inner cities. Last year it launched the "Homes for Westminster" scheme aimed especially at first-time buyers. It has also helped provide finance for inner city properties in Nottingham and in parts of Northern Ireland.

The key question for the building societies movement in the 1980s is whether they should become more involved in house-building. In a speech to a BSA conference, Mr Keith Brading, the Chief Registrar of Friendly Societies and the Government "watchdog" over building societies, comments that if the societies are to expand beyond their traditional areas of operation then it is logical that they should seek to do so in the housing field rather than in the financial field.

The Abbey National has become one of the first societies to attempt to expand its role in this way. The 1962 Building Societies Act does not permit societies to hold land directly. However, the Abbey has set up a separate organisation, the Abbey Housing Association—registered in May 1980—which became the first approved body under the assured tenancy provisions of the 1980 Housing Act.

Abbey National provides both the management structure and funds for the association. On a site which had been derelict for some 20 years in the London Borough of Tower Hamlets, the association succeeded in building houses within six months of purchasing the land. That progress could be made so quickly was due to the co-operation of the Greater London Council, the borough council, and Barratts the builders who had successfully tendered for the project on a "design build" basis.

The aim of this and future projects was to create a mixed development with a quarter of more of the units made available for rent and the remainder for sale with costs per unit determined in relation to the estate as a whole.

"I think building societies are in an ideal situation to take advantage of the assured tenancies provision of the Housing Act, and I cannot believe that any future Government of whatever complexion would act against such tenancies," Mr Boleat says.

In the meantime, however, the Support Lending Scheme—whereby societies make funds available to local authority mortgage applicants—has just been increased to £350m a year. This support, however, is not really needed at present (it was introduced in the mortgage famine of the 1970s) since there are now mortgage funds available from various sources.

Inner cities

DAVID CHURCHILL

of poor housing has actually increased. More than 241,000 properties are now unfit and 239,000 lack at least one of the basic amenities—representing about one-fifth of London's total housing stock.

Moreover, there are still more than 200,000 households on council waiting lists, 1,800 families in bed and breakfast accommodation, and about 1,500 people sleeping rough each night.

The problem in London and in most of Britain's other major cities is that the private rented sector has slowly diminished over the years as a result of Government legislation in the mid-1960s. At the same time, Government cuts in public expenditure over the past decade have severely limited the amount of new council house-building.

Mr Clive Thornton, chief general manager of the Abbey National Building Society, says that "the overcrowded waiting lists for local authority accommodation and the declining private, rented sector have under-



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PROVINCIAL BUILDING SOCIETY
Member of the Building Societies Association

BUILDING SOCIETIES IV

Faith of homeowners takes some awkward knocks

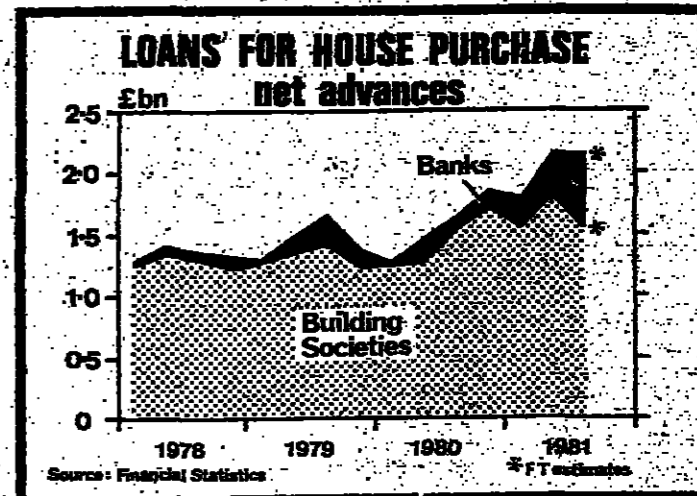
THE HOUSE PRICE game has undergone total transformation in 1981; the object now is to agonise over how much further prices will fall rather than reflect comfortably on just how much faster they can accelerate.

That, at least, has become the preoccupation for millions of existing homeowners whose unquestioning faith in the investment potential of residential bricks and mortar has taken some nasty knocks over the past 12 months.

For first-time buyers, the standards in prices may provide some grounds for encouragement, although they still have to cope with the barrage of

ever, the substantial capital gains made in recent years will continue to ensure that handsome paper profits can be achieved on sale. The trouble is that most owners have a conception of the market value of their property - usually formed by prices achieved on similar homes - and regard the failure to repeat or improve upon that level as akin to a personal disaster.

There are few grounds for believing that the growth in prices to which they have become accustomed is about to return. For although house prices are now historically cheap - the present ratio between prices and average earnings is well below the long-term average of 3:3 - and the number of transactions continues to run at very high levels, the scope for big price gains remains strictly limited by the slow growth in incomes.



House prices

MICHAEL CASSELL

other financial obstacles which have helped reduce the private housing market to its present state.

Opinions on just what has happened to house prices over the past year continue to vary quite widely but there seems little doubt that any growth in the early part of 1981 had disappeared by the latter part of the year and that any modest overall price increases recorded were more than wiped out by inflation over the same period.

It is not a new phenomenon in the private housing sector but, just the same, the pattern has stirred assorted pundits into proclaiming that to own the roof over your head (or at least to share ownership with the building society or bank) is now more likely to lead to financial disaster than to any fortune.

Time and time again, the societies have claimed that the availability of mortgage finance cannot in itself provoke house price explosions and the experiences of the last 12 months must have provided definite proof of that theory.

Although any rise in incomes during 1982 can be expected to be limited, a reduction in the cost of mortgage finance could provide some scope for a revival in prices. The high cost of home loans, while failing to deter many people from buying (the total number of building society loans during 1981 exceeded 760,000 against 675,000 in 1980) has represented without question a major constraint on prices and any significant fall in

mortgage rates could help start things moving again.

However, another house price boom looks extremely remote and it is difficult to see a return - at least in the medium-term - to a period in which market prices rocketed ahead. Many building society people expect price rises to accelerate in the second half of this year and believe that, by 1983, significant price movements may again be achieved.

Gloomy

Few expect the recent deterioration in prices to give way to a more extensive collapse, although the gloomiest believe that prices for some time yet could fail to keep up with the prevailing rate of inflation.

Most major lenders remain assured, however, that the strong underlying demand for home ownership is not being dented by recent events, as the number of transactions recorded would confirm. They emphasise that while the role of private housing as an investment is invariably highlighted, people still regard their properties as their homes and most want to own them.

With about 55 per cent of the country's housing stock in the hands of owner-occupiers, the scope for bringing large numbers of additional people into the private sector remains substantial if not exactly unlimited. Which of the lending organisations ends up with the lion's share of the mortgage business remains a matter for separate consideration.



Micro-computer terminals now being installed by the Nationwide Building Society are reckoned to reduce counter transaction times by 60 per cent

Building programme falling well short

WHILE OPINIONS about the extent of the shortfall may continue to vary, there is little doubt that Britain's housebuilding programme is falling far short of what the country requires.

The virtual demise of the public housing sector and the continuing recession in the private sector have combined to help create the type of stress which leads to social disorder. In London alone, nearly 250,000 homes are classified as unfit and a similar number lack some basic amenity.

UNIT housing stock and ever-lengthening waiting lists dominates the housing situation in major cities throughout the UK and it is becoming

need to ensure that alternative housing tenures remain available, should the provision of mortgage finance represent the full extent of the building societies' contribution?

Events of 1981 lent horrific credence to the arguments of those who have consistently claimed that poor housing standards in inner city areas help create the type of stress which leads to social disorder. In London alone, nearly 250,000 homes are classified as unfit and a similar number lack some basic amenity.

UNIT housing stock and ever-lengthening waiting lists dominates the housing situation in major cities throughout the UK and it is becoming

housebuilding. They have financial muscle, the right mix of management and professional skills, the branch networks necessary to branch needs on a local as well as national scale and are non-profit-making.

Mr Thornton, whose own society - through its own housing association - is already providing homes for tenants and owners, says that close co-operation between building societies and local authorities could make major inroads into tackling urban housing problems.

Societies, he points out, have access to development finance at a rate lower than builders would normally pay and they do not require a margin for the developer's profit and professional fees which are normally added to house prices.

Construction

MICHAEL CASSELL

increasingly clear that those traditionally vested with the responsibility of putting things right are fighting a losing battle.

What then should other financial institutions be expected to do about it? The building societies find themselves in a strange position; their efforts to spread the concept of home ownership have been an unqualified success and their own growth has represented one of the success stories of the 20th century and yet they have reacted to rather than helped shape the course of events in housing ever since they ceased to be directly involved in the business of building more than 100 years ago.

Though his views are not readily accepted by every building society executive in the land, Mr Clive Thornton of the Abbey National, makes a strong case for the societies' re-entry into the housing market via the provision of accommodation for sale and rent.

"There are sound reasons why building societies should involve themselves directly in

"While the housing association concept is by no means the perfect vehicle, what I should dearly like to see is the top 30 societies combining with us in an immediate action programme to build houses in the quantity and of the quality needed in inner urban areas."

"It has already been shown that we can do it more quickly and at less cost than the public sector - and without the developer's profit normally added on to private work. We need to put the real meaning of building back into building societies."

Mr Thornton's remarks spell out the abandonment of many of the traditional guidelines to which the building societies have hitherto adhered over the years and for that reason alone the task of winning over hearts and minds will be a major one.

At present, the mortgage market is a traditional mortgage customer could well push back the conversion process to square one and it must be said that not all societies have the management expertise of which Mr Thornton speaks.

Some clearly do and these should be encouraged to give more consideration to the housing market, which is a market which is expanding rapidly and which offers a wide range of opportunities for investment.

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I would like the interest to be added to the account paid to me half-yearly

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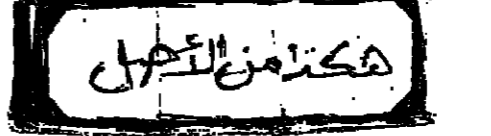
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HITACHI ZOSEN KABUSHIKI KAISHA U.S.\$30,000,000 7 1/2 Per Cent Guaranteed Notes Due 1984 BOND DRAWING

The Company announces that the redemption instalment of U.S.\$5,000,000 principal amount of Notes due on 15th February, 1982 has been met by purchase in the market to the nominal value of U.S.\$5,000,000 and by a drawing of Notes to the nominal value of U.S.\$5,000,000.

In accordance with the Notice published in this newspaper on 15th January 1982 the distinctive numbers of the Notes drawn are as follows:

Table of distinctive numbers of notes drawn, organized in columns and rows. The first column lists numbers from 1 to 1000, and subsequent columns list the corresponding drawn numbers for each.

Main table of distinctive numbers of notes drawn, organized in columns and rows. The first column lists numbers from 1001 to 2000, and subsequent columns list the corresponding drawn numbers for each.

CONTINUED ON FACING PAGE

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The steam goes out of energy losses

Furmanite's rapid growth can be traced to a decision to back its leak sealants with a service to industry. Rhys David reports

IN THE energy conserving era that has been ushered in by successive oil price rises...

that Furmanite's technicians called upon to seal more specialist compounds have also been developed...

As well as extending its range of services Furmanite has also kept pace with the growth of the international oil, petrochemical and other process industries...

Shutdown

With its own team working full time and becoming skilled in their application of the products, the service was quickly developed...

In 1971, having established a number of overseas subsidiaries, Forsyth visited the U.S. to seek out the original Furmanite company...

The outcome of talks between Forsyth and Bob Furman—son of the founder of the business—was the winding up of the U.S. company...

At that time the present managing director, Alan Forsyth, who had family connections with the owners of the business, took time off from his then job in industry to give help and advice...

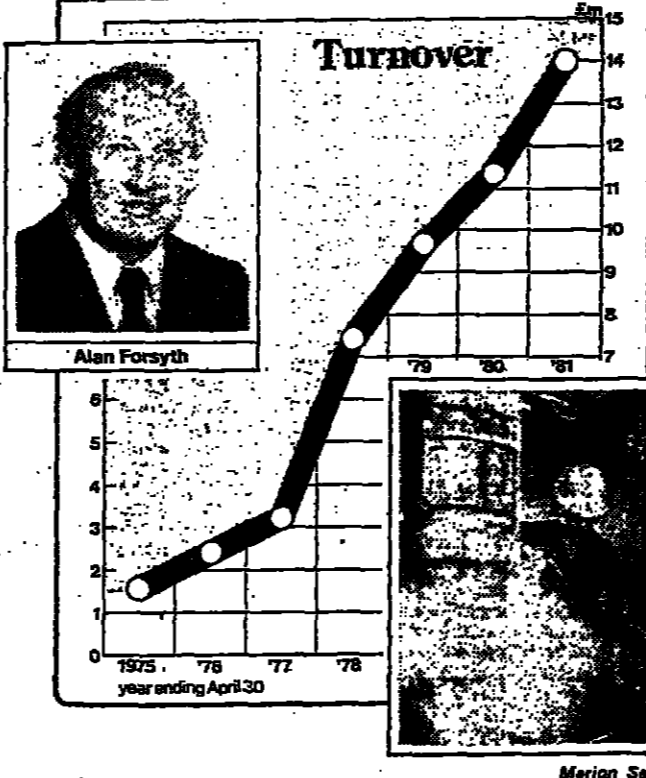
Though steam still accounts for more than half the leaks materials from heavier objects. Another separator refines the waste further while remaining cans are shredded into strips...

the world and has the capacity to undertake other work as well. Since the mid 1970s the company has also been able to use its own engineering resources to machine parts such as valves on the spot in major process installations both in the UK and U.S.

Having found what it wants Bibby is not proposing to make any major changes. Indeed, Forsyth, who will retain the balancing 15 per cent share stake, is to stay on as managing director and is to become chief executive of a new industrial service division which will contain Furmanite.

In short, Bibby's side of the deal is to bring to Furmanite the support which being part of a bigger group can give in areas such as finance...

How Furmanite took off



Alan Forsyth

Marion Sadger

Human error: the major factor in North Sea accidents

"ON LOCATION at Thistle. The boat heaves a lot. There are conger eels all over. Poor topside management. Guys here are nuts (ungood nuts) and dear God I want out. I have really got to scare up another job after this one."

Their deaths, in an accident at a depth of 490 feet, are recorded anonymously in the accident statistics published each year in the Energy Department's report, "Development of the Oil and Gas Resources of the United Kingdom."

Provisional Government estimates indicate there were fewer deaths last year although the number of serious accidents could turn out to be at a record high level.

The picture could have been blacker. On November 24 drilling rigs and platforms were battered by one of the fiercest storms experienced by North Sea operators.

Not far away in the Norwegian sector, a large safety support vessel was in danger of being blown into the Tor Field's production facilities.

The offshore industry still has vivid memories of the Alexander Kjelland disaster in 1980 when, in Norwegian waters, 123 lives were lost in a capsized accommodation platform.

But the view that North Sea oil operations are uniquely hazardous—a picture drawn by the oil industry, accepted by Governments and fostered by journalists—has been challenged in a recently published book, appropriately titled "The Other Price of Britain's Oil."

The author, Kit Carson, a senior lecturer in Edinburgh University's Faculty of Law, argues that not only is the view erroneous but it may also contribute to the offshore industry's record of being one of the most dangerous workplaces in the UK.

Carson says that diving is the most hazardous activity on the UK Continental Shelf and possibly the most dangerous occupation in Britain. And yet, he says, in diving, as in other dangerous offshore occupations, mundane design faults, human error and unsafe working procedures seem to play a significant role in accidents.

Untamed

"On the evidence adduced by this research, the real problems of safety in the North Sea are often the same as those encountered onshore and should be treated accordingly," he writes.

Carson asserts that while advanced technology and adverse operating conditions cannot be denied, the source of the greatest danger in the North Sea is not to be traced to the "unknown or the untamed."

Human error was to blame for many North Sea accidents, Carson contends that "in the rush to get gas and then oil ashore from the North Sea, safety has come a rather poor second."

Ray Dafter

TECHNOLOGY

Can-makers to spend £5m on re-usable scrap schemes

BY ELAINE WILLIAMS

AN EEC draft directive, which calls for increased recycling of all types of food and drink containers, has jolted Britain's can-making industry into committing £5m between now and 1985 on expanding voluntary schemes to turn old metal into reusable scrap.

Mr. John Thomson, managing director of Material Recovery, a company set up by Metal Box, British Steel and Vulcan, a specialist tin recycler, says: "The industry would rather undertake recycling voluntarily, and spend money now, than be forced to conform to an unsatisfactory law."

Every year, Britons buy 9bn food and drink cans most of which end up on council rubbish tips. This means, that out of a total of 1.1bn tonnes of tipplate used each year more than 850,000 tonnes are thrown away. Tin costs about 28,000 a tonne but each can contains only 0.5 per cent of the metal.

Can makers would like to recover and recycle an additional 400,000 tonnes of cans and convert it into prime steel and pure ingot tins for further tipplate manufacture.

Public participation schemes operate to encourage the return of cans to council rag-skipps, and work on the same basis as the glass industry's "bottle bank" scheme.

the glass industry's "bottle bank" scheme. But the makers believe that the best way of retrieval is by "mining" cans from waste after collection by local authorities.

Material Recovery has recently completed construction of the first major plant to extract cans from domestic waste at Stalybridge near Manchester. The new process was developed and refined at pilot plants near Newcastle upon Tyne and Stoke-on-Trent.

Stalybridge is a joint venture with Greater Manchester Council. It can process between 400 and 700 tonnes of refuse per day, and recover about 4,000 tonnes of metal for recycling at Vulcan's de-tinning plant in Hartlepool.

The process is based on magnets, shredders and high speed conveyors. The first conveyor slices the waste at a rotating magnetic drum, which separates the light ferrous materials from heavier objects.

Another separator refines the waste further while remaining cans are shredded into strips and sent to the de-tinning plant. There it is leached out of the steel using a caustic solution. Recovery is achieved by electrolysis.

Mr Thomson says that the main difficulty is cleaning cans mixed with old newspapers, plastics and rotting vegetables. The company has tried some sophisticated techniques including a cryogenic method developed by British Steel.

Because metals become brittle at low temperatures it was hoped to flake the tin layer away from the steel after dipping in liquid nitrogen but the cost—in an already marginally economic process—ruled this out.

Instead, Material Recovery settled on a water washing technique adapted from the coal industry. Mr Thomson says: "We are not offering councils high technology, but the know how to make it work."

He realises that a £500,000 plant is beyond the pockets of most local authorities. So, the company has offered councils the option of joint ventures to reduce the cost.

But the company is having a hard time persuading councils to join them. Manchester was the first to build a full-scale plant and talks are going on with larger authorities, such as the Greater London Council. The process does not provide a satisfactory solution for the 1.3bn all aluminium and the 1.7bn aluminium ended cans used for drinks each year.

Ideally, these need to be sorted before they get to the rubbish dump. This is why the industry's five major UK can makers have decided to commit a further £2m on top of the £5m already spent by Material Recovery, on collection schemes.

Two products put on the market by Mitek of Yeovil Road, Slough (Slough 76411) allow collections of different sizes of microfilm records to be reduced to one standard size while original documents of any size from A0 to A4 can also be filmed to the same standard.

The SVK conversion camera supplied by the company and made in West Germany allows films ranging from half-plate to microfiche to be re-filmed to a chosen standard size—16 mm film, 35 mm film or microfiche. Colour transparencies can be dealt with similarly.

The second camera, designated UKM, can film documents up to 60 x 40 mm to a standard size using reductions up to 70 times. The fiche and roll film heads of this camera are interchangeable with the SVK machine.

Microprocessor-based, the four input device from SE Labs (EMI) allows extremely fast transient waveforms to be captured and displayed on a screen.

Known as the SE2450, the device has 16k of memory per channel for storing the phenomena, which in engineering and physics can range from explosive or optical (for example, laser) events to fast pulses from electronic circuits.

Use of a microprocessor provides a number of useful facilities. For example, up to six sets of front panel settings of controls can be stored in a non-volatile memory, for recall when needed to suit a particular recording.

The four traces are displayed on a five-inch CRT, allowing the complete contents of each channel store to be seen. Alternatively, the user can select a portion of the waveform for expansion in time or amplitude.

On screen measurements can be calculated and displayed using a cursor which allows individual memory locations (that is, points on the waveform) to be identified. The four waveforms can be added, subtracted and otherwise manipulated.

Other versions with more or less memory per channel can be supplied.

Do-I to share costs on satellite equipment

THE DEPARTMENT of Industry is to share costs with DCC of Dunstable for the development of two kinds of equipment needed at ground stations for communications with satellites. DCC is the UK subsidiary of Digital Communication Corporation in the U.S.

One of the systems is called TDMA—time division multiple access—and it permits several earth terminals to access a satellite on a time sharing basis. The other, called DSI (digital speech interpolation) roughly doubles the capacity of a communications link by transmitting only twice active traffic; the transmission costs are lowered.

To position itself for the interim Eutelsat stage, for which European administrations will be inviting equipment tenders over the next four years, the U.S. corporation set up the UK subsidiary in mid-1980.

Development work at the Dunstable location aims to produce a first prototype by the middle of this year, followed by full manufacturing in 1983.

Film sizes

Two products put on the market by Mitek of Yeovil Road, Slough (Slough 76411) allow collections of different sizes of microfilm records to be reduced to one standard size while original documents of any size from A0 to A4 can also be filmed to the same standard.

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Capturing waveforms by four-input device

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MAI computers advertisement with logo and contact information.

Attache case for furnace experts

LIKELY TO interest the boiler/furnace commissioning service engineer is an attaché case sized equipment from Neotronics that will provide a continuous "real time" display of stack oxygen content, carbon monoxide, stack gas differential temperature and combustion efficiency (which it automatically calculates and displays).

Called PCO (portable combustion optimiser), the unit can be connected by up to 20 metres of cable to the stack probe, enabling the engineer to adjust burner controls while monitoring changes in stack gas condition.

To allow quick burner control adjustment for optimum fuel/air ratio, setting, the PCO displays oxygen and carbon monoxide at the same time. The instrument should also provide a useful diagnostic aid for system malfunctions, enabling action to be taken before major damage or excessive fuel losses occur.

PRESS advertisement for engineering contractors.

Intergraph pictures in 3D

THE LATEST computer-aided design/manufacturing (CAD/CAM) system from Intergraph Europe (0783 87033), the model 2302, employs up to four graphics workstations each with two screens.

One of the screens offers three dimensional pictures while the other provides separate two-dimensional interpretations. The screens have a resolution of 1280 x 1024 pixels and a refresh rate of 50 times a second, allowing good dynamic presentation.

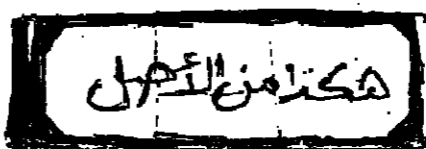
Model 2302 employs a DEC LSI 11/33 computer, enhanced by the company's own multi-user hardware and software to distribute the processing. This maintains a high response level at the workstation while the central processor carries on the high speed processing associated with graphics design calculations.

This system cannot compete with the company's own master separate graphics one embracing design and drafting, the other offering database management, 3D wire graphical and 3D perspective views, leading to automatic analysis and reporting. The two packages are closely linked to specific user application programs such as stress analysis.

VIDEO APPLE advertisement with logo and contact information.

Handwritten text at the bottom of the page.

THE ARTS



Cinema The Bogey man embalmed

by NIGEL ANDREWS

Body Heat (K) ... The Woman Next Door (AA) ... In there a ... Lawrence Sanders ...



William Hurt and Kathleen Turner in Body Heat

stream in him as he defies admission of a resurgent love ... whiskers vibrate, it scurried forth to study Paul Newman's performance ...

Warehouse Peter Brook

by MICHAEL COVENEY

On Wednesday night, Peter Brook walked into a flood of light in an empty space ... The search for theatre since then has involved the rejection of what most people think of as theatre ...

Theatre Technis, N.W.1

Medea by ROSALIND CARNE

with the plight of Greek Cypriot refugees ... Euripides should not be trusted to take care of himself ...

Book Review From Marlowe to Irving

The Golden Age of English Drama by S. Gorley Pitt ... Theatre in the Age of Irving by George Rowell ...

Company on tour

Company, a group of free-improvising musicians who will be touring England and Wales from January 24 to February 7 ...

THEATRES

ALPHONSE ... ARABIAN ... CAMBRIDGE ... COMPTON ... COVENT GARDEN ...

FINANCIAL TIMES

Published in London & Frankfurt ... Main Office: The Financial Times Limited, London ...

F.T. CROSSWORD PUZZLE No. 4,778

Crossword puzzle grid with clues: 1 Every tenth month a lad returns (7), 2 Bird to devour greedily (5), 3 Cell involving third degree treatment we hear (7), 4 Those of Peter were a tax (5), 5 Six soldiers snif, because it's turning green? (9), 6 Bird I left with untimely sickle (9), 7 Alter for a change subsequently (5), 8 Famous bowler—in his ham-tock? (7), 9 Fairy-bike, outside in the garden? (8), 10 Pass the best manual cosmetic (4, 5), 11 Gay fool I had briefly to follow (5), 12 Bird to devour greedily (5), 13 Orchestral transport in a fashionable movement (9), 14 Bring in a book of great consequence (9), 15 A share out of consideration (5), 16 Gilbert's left shoulder-blade was one of loveliness (7), 17 Communist's audio-recorder is brittle when very hot (7), 18 Sent as an agent placed in the act (7), 19 Compel to commit to memory a melody (9), 20 ... or herb I study to make ointment (9), 21 He has a whip-tongue, but it's a fraud (5), 22 Non-resident scholar putting bird in river ... (7), 23 ... Cam, but it's unusual (9), 24 One who ponders over spirit in a hill (9), 25 Large town it's said, is on a stage of advancement, and moving quickly (9), 26 Her love is mine initially, and needing courage totally (7), 27 One who gives fellow a list: turned up (7), 28 Six for each adder (5), 29 Pair an algebraic bracket (5), 30 A lewd concealing from wooded country (5).

UK COMPANY NEWS

Astra gets little help from its main divisions

BOTH ENGINEERING and property divisions of Astra Industrial Group suffered severe reductions in pre-tax profits...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange...

Interim—Don, Hyman Publishing, Star Computer, Striding Group...

Final—Hawthorn Investments, United States and General Trust...

Interim—Brown (John), Jan 28; Halliwell, Jan 29; Stewart Plastics, Jan 27...

Final—Aldon Investment Trust, Jan 28; Jones (Ernest), Feb 23; Owners Abroad, Mar 3...

Final—Scottish Agricultural Industries, Feb 4

year's figures, the full year's profits will not be far short of last year's pre-tax figure.

W. G. Allen £311,000 in the red

IN THE six months to September 30 1981 engineering group W. G. Allen and Sons (Tipton) suffered from a lack of volume...

Trafalgar de-merger next month

BY RAY MAUGHAM

Trafalgar House has received Inland Revenue approval to spin its newspaper and magazine interests off into a separately quoted company, Fleet Holdings...



Lord Matthews leaves the Institute of Chartered Accountants, Moorgate, London, after the Trafalgar House AGM

Answering a series of questions from Express employees, Mr Nigel Brookes, chairman of Trafalgar, stressed that the group would be putting £15m of equity and £15m of convertible loan stock into Fleet...

repaid. Mr Brookes made it clear that Trafalgar would trigger its option to convert its loan stock holding and thereby take up a total of 35 per cent of the shares in the event of an outside bid for Fleet after the de-merger...

Glass Glover raising £0.6m

Glass Glover, food distributors and importers of fresh fruit, is raising approximately £500,000 by way of a one-for-five rights issue of 1.125m shares at 55p each.

The issue, which is not underwritten, is pitched at a 31 per cent discount to the market value of the shares which closed yesterday up 7p at 114p.

The company also announced yesterday that pre-tax earnings jumped 32 per cent in the year ended September 30 1981 from £58,833 to £68,648.

Pre-tax profit included interest received of £27,191 (£8,066). Tax was £467,014 (£361,864) while earnings per share was 7.14p (5.27p).

The company has more than doubled its pre-tax profits in the past four years, Mr Alick Glass, joint managing director, said...

Mr Harry Glass, chairman, says that all sections of the company's activities are experiencing good trading conditions...

The final dividend has been raised to 1.7p, making 2.5p for the year against 2.1p. The board intends to recommend dividends in the current year of not less than 2.5p on the increased capital.

The rights money will be applied towards the completion of a £1m distribution depot in Newbridge, Midlothian.

Aerospace Eng. on target to meet forecast

For the six months to October 31 1981 pre-tax profits of Aerospace Engineering advanced from £375,000 to £525,000 and the directors say they are confident that the company will achieve its forecast of not less than £900,000 for the full year to end-April made last July in the offer for sale document.

Half-year stated earnings per 25p share rose to 7.9p (6.6p) and as forewarned, a net interim dividend of 2.75p is being paid—a final of 5p is expected to be declared.

Tax took £210,000 (£150,000) leaving the attributable balance at £315,000 (£225,000). Turnover was higher at £1.71m, compared with £1.21m.

The company's shares are traded on the Unlisted Securities Market.

OWEN AND ROBINSON

A loss of £48,704 is reported by Owen and Robinson, the York jeweller and silversmith, for the half year to November 30 1981. In the corresponding period last year, the company had pre-tax profits of £974. No interim dividend is being paid against 6p last time—last year's total was 16p from pre-tax profits of £10,274.

Turnover for the half was little changed at £440,837 (£454,603). No tax charge is given this time, against £390.

Saville Gordon rises to £0.5m

IN LINE with the company's forecast of a marked improvement in profits, J. Saville Gordon Group turned in a higher taxable surplus of £522,703 compared with £316,288 for the first half to October 31 1981 on turnover £1.33m lower at £9.06m.

The interim dividend of this metal and engineers' merchant, and investment property proprietor is being increased to 1p net per 10p share (0.55p) to reduce the disparity between the interim and final distributions. Last year a total of 2.928p was paid out of pre-tax profits of £511,000 (£1.61m).

Mr J. D. Saville, chairman, says that the group's current trading position is somewhat clouded, as the low level of demand for pipeline equipment shows little sign of an early improvement, and the effect of the severe weather on the group's operations in general, and those in South Wales in particular, has not yet been fully assessed.

However, he says that although demand for pipeline

equipment was low, during the first half and price competition fierce, the engineers' merchants and stockholding division made an acceptable contribution to group profits.

The property investment division made a small operating loss in line with expectations but Mr Saville is confident that in the longer term, this acquisition will prove to be very successful.

A breakdown of sales and profits for the half year shows: engineers' merchants and stockholding £2.94m (£1.81m) and £221,971 (£304,695); metal trading and scrap processing £5.03m (£5.57m) and £311,188 (£11,603); and property investment £30,026 (nil) and £10,946 losses (nil). Tax took £182,946 (£31,830).

comment

A turn-round in its rather volatile metal-recovery business has had a striking effect on the interim profits of J. Saville Gordon. The six-month pre-tax is not far short of three times what the group achieved in the second half of last year

(and slightly ahead of the full year). There is an accompanying glimmer of improvement in sales of tube fittings, despite low demand and a cut-throat market. It is at first sight odd that there was so slight a response from the share price, which rose only 2p to 51p. But much of this improvement had already been discounted after an optimistic statement at the annual meeting, while expectations of further recovery are to some extent defused by the doubts expressed yesterday. In any case, the share price is now rather insulated from trading factors by Saville's move into property management. Much of the Jacey portfolio acquired last February is approaching reversion dates, and rental uplifts should be substantial (given that some of Jacey's best retail sites are still yielding only 11 per cent). And after all, doubling up the first-half profit leaves the shares on a fully-taxed multiple of 12. If the total dividend is maintained, the yield is nearly 8 1/2 per cent, so the price is by no means exacting.

Whatlings climbs to £0.42m

A SUBSTANTIAL increase in pre-tax profits is reported by Whatlings, the Glasgow-based civil engineering and building contractor, for the year to September 30 1981. The figures show an increase from £151,844 to £416,648, although turnover was down from £28.81m to £26.7m.

An interim dividend, in lieu of final, of 1p (0.9p) was paid on December 21, and this absorbed £40,000 (£38,000). UK tax was higher at £17,143 compared with £15,429, but overseas tax was static at £225. Attributable profits were £399,261 against £361,520, but the previous year's figures included an extraordinary credit (deferred tax not required) of £425,330.

Retained profits were £359,261 (£325,520) and stated earnings per 25p share climbed from 3.3p to 9.85p.

Bridport-Gundry 'recovery'

Mr R. W. Holder, the chairman of Bridport-Gundry (Holdings) told shareholders at the annual meeting that the group was continuing to enjoy the benefits of the cost savings instituted last year.

The results for the first half of the current year, he said, were expected to be around break-even after interest, with the possibility of a small loss. He added that the figures would clearly show a "major recovery"—for the six months to January 31, 1981 the group incurred a notable loss of £336,000.

For the year as a whole Mr Holder predicted a "satisfactory result" for shareholders. He pointed out that trading conditions had slightly improved in the UK over the last year but had tended to worsen in the U.S.

He warned that margins remained low, both in Europe and the U.S. and that the group was therefore dependent on volume to offset continuing depressed prices.

The chairman said that with the group's mix of business it was usual for well under half of its annual turnover to be achieved in the first half of the year but added that this could create an imbalance in profit between the two reporting periods. This year, he said, Pearsalls, the group's major manufacturing unit, has anticipated an average increase in volume of about a third for the second half which would further accentuate the distortion.

The chairman concluded by reporting that the group's cash position remained strong and that the management had been strengthened at Bridport and Tipton as had the board itself.

A YEAR OF SUBSTANTIAL ACHIEVEMENT A FUTURE OF CONTINUED GROWTH

Now better balanced than ever before and working to a worldwide market strategy, The BOC Group is taking full advantage of its international strengths as a foundation for continued growth.

- 1981 profits before tax increased 50% to £92.7 million. Dividend increased by 10.6%. CCA dividend cover increased to 2.7 times. Share price increased by 58%. More than 80% of operating profit came from outside the UK, reflecting the truly international nature of the Group. Profits are forecast to increase further in 1982. Capital spending will rise as the Group takes further advantage of international opportunities for profitable investment. These encouraging trends should continue in the years ahead.

The 49,336 Shareholders of The BOC Group will be sent their copy of the 1981 Annual Report today. If you would like a copy of this report, please complete the coupon below or telephone 1011 748-2020.

THE BOC GROUP

The 96th Annual General Meeting of BOC International plc will be held at The Lyric Theatre Hammersmith, King Street, London W6 on Wednesday 17th February 1982 at 3.00pm.

To: Corporate Communications, The BOC Group, Hammersmith House, London W6 9DX Please send me a copy of the 1981 Annual Report Name Address

MINING NEWS

Vaal Reefs makes the best of a poor year

BY KENNETH MARSTON, MINING EDITOR

ONCE AGAIN, South Africa's big Vaal Reefs gold and uranium mine has paid a better than expected final dividend. The payment of 550 cents (291p) makes a total for 1981 of 980 cents against 1,350 cents for 1980 when the average gold price was \$614 per troy ounce compared with \$457 in 1981.

Table with columns: Qtr ended, Dec 31, Sept 30, June 30, Mar 31. Rows: ERGO, Randstrand, F. S. Geduld, President Brand, President Steyn, S. A. Land, Vaal Reefs, Western Deep, Western Hilda.

Of the mines to report higher net profits for the quarter, Vaal Reefs has beaten its 1980 gold production record, but the rise in the latest quarterly profit comes via a sharp increase in that from uranium which reflects the delivery of a long-term contract.

President Steyn has earned more thanks to increased gold production, while Western Deep has benefited from a fall in costs and tax.

Western Holdings has done better at pre-tax level helped by a profit from the joint metallurgical scheme against a loss from the latter in September quarter.

Zimbabwe's mineral marketing take-over will hit producers

ZIMBABWE CHAMBER of Mines has reacted sharply to the Government's decision to press ahead in unqualified form, with the legislation to establish a State-owned minerals marketing corporation that would take over the marketing function of the mining houses, reports Tony Hawkins from Salisbury.

The country's mining industry is largely in the hands of the multinational mining houses such as Anglo American Corporation of South Africa, Rio Tinto-Zinc, Lonrho, Union Carbide, Turner and Newall and Messina (Transvaal).

In a gloomy statement yesterday the president of the Zimbabwe Chamber of Mines, Mr Roy Lander, warned that the decision to go ahead with the legislation in virtually unchanged form, despite representations and advice from mining experts both at home and abroad, represented "a very serious setback to the development of the mining industry in Zimbabwe."

Carroll Industries Limited Summary of Results for the year ended 30th September 1981

Table with columns: 1981, 1980. Rows: Sales, Operating Profit, Attributable to Shareholders, Operating Profit return on the average of Net Operating Assets, Earnings per Share, Dividend per Share, Net Asset Value per Share.

Copies of the Report and Accounts are available on request from The Secretary, Carroll Industries Limited, Grand Parade, Dublin 6.

BIDS AND DEALS

Rotunda management in buy-out deal with BICC

Rotunda, a leading British manufacturer of self-adhesive tapes for industrial and consumer markets, has been purchased from its former parent, BICC, by a group of four of its senior managers.

Royal Bank of Scotland dealings face SE probe

THE STOCK EXCHANGE has confirmed that it is conducting an inquiry into dealings in the shares of the Royal Bank of Scotland Group.

Friday January 8 ahead of the leaks of the MMC's findings. The following Monday over £100m was knocked off the value of Royal Bank shares as the market digested the weekend press reports and the share price fell from 192p to 142p.

Southvaal Holdings Limited (Incorporated in the Republic of South Africa) PRELIMINARY PROFIT ANNOUNCEMENT AND NOTICE OF FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED DECEMBER 31 1981

Table with columns: 1981 R000, 1980 R000. Rows: Royalties received from Vaal Reefs Exploration and Mining Company Limited, Interest received, Deduct: Administration and other expenses, Profit before taxation, Deduct: Taxation, Profit after taxation, Transfer to general reserve, Dividends - No. 9 (interim), - No. 10 (final), Retained profit brought forward, Retained profit - December 31 1981, Earnings per share - cents, Dividends per share - cents, Number of shares in issue.

Declaration of Dividend No. 10 On January 21 1982 dividend No. 10 of 195 cents a share, being the final dividend in respect of the year ended December 31 1981 (1980: 20 cents), was declared in South African currency, payable to members registered in the books of the company at the close of business on February 12 1982.

The transfer registers and registers of members will be closed from February 13 to 26 1982, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about March 11 1982.

By order of the board ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED Secretaries per: C. R. BULL, Divisional Secretary, Head Office: 44 Main Street, Johannesburg 2001 (P.O. Box 61587, Marshalltown 2107), London Office: 40 Holborn Viaduct, London EC1P 1AJ

Copies of this announcement are being posted to all members at their registered addresses

T. Ward rebuts RTZ final offer

THE W. Ward has rebutted the final appeal made to its shareholders by Rio Tinto-Zinc on January 19 by offering them its own final thoughts on the RTZ bid due to close on January 26.

Family disposals give Cardin control of Maxim's

M. Pierre Cardin, head of the famous Paris fashion house, has gained control of Maxim's, the top French restaurant. The valuable family has sold him a further 47,946 shares of Maxim's for £1.1m at a price of £23.56 each, which takes M. Cardin's holding to 125,283 shares or 67.2 per cent interest.

HONEYWELL BUYS PROTECTION Honeywell, UK subsidiary of Honeywell Inc. has acquired Protection, London-based intruder alarm system concern.

MANDERS (HOLDINGS) BUYS TILE COMPANY Manders (Holdings) decorative division has acquired NGB Tiles of Quarry Lane, Chichester, which trades as Working Tile Warehouse and distributes ceramic tiles from centres in Chichester, Farnham, Woking, Portsmouth and Bognor Regis.

MINISTER INVESTS IN HOLLAND Minister Insurance Group has recently purchased a 10 per cent shareholding in Nieuw Rotterdam Beheer NV, the holding company for a major international Netherlands insurance company, underwriting agency and brokerage group with interests in Germany, France, Switzerland and the UK.

ALEXANDER HOWDEN The merger between Alexander and Alexander Services and Alexander Howden Group is not being referred to the Monopolies Commission.

BURMAH/CRODA J. Henry Schroder Wagg, who are advising Burmah Oil, sold 100,000 Croda International ordinary shares at 7p and 61,750 deferred shares at 49p on January 20, on behalf of associates' discretionary investment clients.

LEISURE CARAVANS Leisure Caravan Parks has purchased Littlesea Camp (Weymouth), a private company owned by the Farthing family. It consists of a 61-acre holiday park situated on a 100-acre site west of Weymouth, overlooking the West Bay.

Bank Return Wednesday Jan. 20, 1982

Table with columns: £, £. Rows: Liabilities, Capital, Public Deposits, Bankers Deposits, Reserve & other Accounts, Assets, Government Securities, Advances & other loans, Premises Equipment & other Secs, Notes, Coin.

Table with columns: £, £. Rows: Liabilities, Notes issued, In Circulation, In Banking Department, Assets, Government Debt, Government Securities, Other Securities.

Table with columns: £, £. Rows: Liabilities, Notes issued, In Circulation, In Banking Department, Assets, Government Debt, Government Securities, Other Securities.

Table with columns: £, £. Rows: Liabilities, Notes issued, In Circulation, In Banking Department, Assets, Government Debt, Government Securities, Other Securities.

Issue Department

UK COMPANIES

Country and New Town at £0.51m

FOR THE six months to July 31 1981, Country and New Town Properties returned operating profits of £215,000, compared with a loss of £137,000 for the corresponding period a year earlier...

Record bonus declaration by Scottish Provident

RECORD LEVELS of reversionary and terminal bonus have been announced by the Scottish Provident Institution for 1981 in its first ever annual declaration...

Derby Trust at £0.58m

FOR 1981 net revenue of Derby Trust investment trust, slipped from £583,158 to £583,584, and the company is reducing its net final dividend from 11.845p to 10.876p...

SHARE STAKES

Beratin Rubber Estates—The Johore State Economic Development Corp. Malaysia now holds a total of 1,505,500 ordinary shares (10.138 per cent)...

Transvaal

WESTERN DEEP LEVELS

Table with financial results for Western Deep Levels Limited, including operating results, financial results, and dividends.

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa.

Reports of the directors for the quarter ended December 31 1981

EAST DAGGAFONTEIN

Table with financial results for East Daggafontein Mines Limited, including operating results, financial results, and dividends.

VAAL REEFS—continued

Table with financial results for Vaal Reefs Exploration and Mining Company Limited, including operating results, financial results, and dividends.

S.A. LAND

Table with financial results for S.A. Land Exploration and Mining Company Limited, including operating results, financial results, and dividends.

VAAL REEFS

Table with financial results for Vaal Reefs Exploration and Mining Company Limited, including operating results, financial results, and dividends.

ERGO

Table with financial results for East Rand Gold and Uranium Company Limited, including operating results, financial results, and dividends.

ELANDSRAND

Table with financial results for Elandrand Gold Mining Company Limited, including operating results, financial results, and dividends.

Table with development data for Vaal Reefs, including advance metres, channel width, and gold/uranium production.

Table with development data for Vaal Reefs, including advance metres, channel width, and gold/uranium production.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES 1. ORE RESERVES: At July 31 1981 ore reserves were estimated at a pay limit based on a gold price of R12 000 (1980: R12 000) a kilogram and, in the case of Vaal Reefs and Western Deep Levels...

SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

Advertisement for 'You need personal financial planning' by Chronicle, featuring text about financial planning and a list of services.



Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the directors for the quarter ended December 31 1981.

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 14 354 376 shares of 50 cents each

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Operating Results (GOLD, Area mined, Tons milled, etc.), JMS (Summarized), Price received on sales, Financial Results, and Development (Shaft area, Advance metres, etc.).

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Operating Results (GOLD, Area mined, Tons milled, etc.), JMS (Summarized), Price received on sales, Financial Results, and Development (Shaft area, Advance metres, etc.).

FREE STATE GEDULD—Continued

Table with columns for Advance metres, channel width, and Sampled (gold, uranium). Rows include Leader reef, Quarter ended, and Year ended. Includes a note about the final dividend of 245 cents a share.

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 shares of 50 cents each

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Operating Results (GOLD, Area mined, Tons milled, etc.), JMS (Summarized), Price received on sales, Financial Results, and Development (Shaft area, Advance metres, etc.).

FREE STATE GEDULD

Free State Geduld Gold Mining Company Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Operating Results (GOLD, Area mined, Tons milled, etc.), JMS (Summarized), Price received on sales, Financial Results, and Development (Shaft area, Advance metres, etc.).

FREE STATE GEDULD

Free State Geduld Gold Mining Company Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Operating Results (GOLD, Area mined, Tons milled, etc.), JMS (Summarized), Price received on sales, Financial Results, and Development (Shaft area, Advance metres, etc.).

JOINT METALLURGICAL SCHEME

Figures stated in respect of the quarters ended December and September 1981 are actuals for the periods. However, to enable comparison to be made the results for the year ended September 1981 have been synthesized up to quarter before tax on the basis that the company had been in effect for a full 12 months.

Table with columns for Quarter ended Dec. 1981, Quarter ended Sept. 1981, and Year ended Sept. 1981. Rows include Summary (Pyrite flotation plants, Uranium plant, etc.) and Development (Shaft area, Advance metres, etc.).

EUROPEAN OPTIONS EXCHANGE

Table listing various European options with columns for Series, Vol., Last, and Stock. Includes options for GOLD, EURO, and other commodities.

LONDON TRADED OPTIONS

Table listing London traded options with columns for Option, Expiry, Price, and Vol. Includes options for various commodities like oil, gold, and currencies.

CAMBRIAN & GENERAL SECURITIES p.l.c.

Incorporated under the Companies Act 1981 in the United Kingdom. No. 150010. SHARE CAPITAL: Issued and fully paid £118,800 in 3.5% Cumulative Preference Shares of £1 each.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTE: Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves. The Transvaal Group's results appear on another page in this newspaper.

WELKOM GOLD MINING COMPANY LIMITED

The attention of shareholders is directed to the report of Western Holdings Limited. The whole of the issued share capital of Cambrian & General Securities p.l.c. has been re-admitted to the Official List and dealings will recommence on Monday 25th January 1982.

Handwritten note in a box: كتاب

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

\$1.15bn of new issues as Eurodollar bonds gain

By Alan Friedman

A FLOOD of new bonds... The \$250m zero coupon issue from Xerox Credit is priced at 2 1/2 to yield 14.65 per cent...

Salomon Brothers and Merrill Lynch... The \$250m zero coupon issue from Xerox Credit is priced at 2 1/2 to yield 14.65 per cent...

10-year floating rate notes carry a margin of 1/2 per cent above six-month Libor and a 5 per cent minimum coupon...

Rockwell lifts profits but orders fall sharply

By Ian Hargreaves in New York

ROCKWELL International, the U.S. industrial group, yesterday reported a 12 per cent increase in earnings for the first quarter of its fiscal year...

A slackening of orders in the aerospace business, however, coupled with continued weakness in the automotive sector, gave the company a total orderbook of \$6.2bn at the end of December...

International Paper boosted by disposals

By Our Financial Staff

EARNINGS FROM operations fell sharply in the final quarter of International Paper, the U.S. group which ranks as the world's leading paper maker...

SLUMP IN DEMAND HITS ALUMINIUM GROUPS Earnings slide at Alcoa and Alcan

BY OUR FINANCIAL STAFF

THE SLUMP in world demand for aluminium, resulting from the international recession, has brought heavy falls in profits at the two major producers...

Alcoa, the largest aluminium company in the U.S., reported that net income in the final quarter of 1981 was only a third of the previous year's level...

Alcan recently took steps to bring its European operation into better shape, with changes in management. Primary shipments of aluminium in all forms were 356,000 metric tonnes in the fourth quarter...

Effective tax rate for the year was 36 per cent against 42 per cent in 1980. Total volume of shipments held up reasonably well in 1981, declining 3 per cent from 1980...

CSR close to completion of \$800m loan

By Our Financial Staff

CSR, the Australian sugar and resources group, is near to completing a U.S.\$800m multi-currency loan package to refinance its recent acquisition of Delhi International Oil Corporation...

Swiss concerned by run of Japanese convertibles

BY OUR EUROMARKETS STAFF

THERE IS growing concern in Switzerland that too many Japanese convertible bonds are being offered in the Swiss franc foreign bond market...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Table with columns: U.S. DOLLAR, STRAIGHTS, CONVERTIBLES, FOREIGN MARK, etc. Lists various bond issues with their terms and prices.

U.S. QUARTERLIES

Table showing quarterly financial data for various U.S. companies like Abbott Laboratories, Apple Computer, etc.

Strong recovery at Monsanto

BY OUR NEW YORK STAFF

MONSANTO, the large U.S. chemicals company which suffered a recessionary squeeze in 1980, weathered the storm better last year and ended up with improved profits...

Ethyl to buy insurer for \$270m

By Our Financial Staff

ETHYL CORPORATION, the chemicals, plastics and energy-related products group, is to acquire all the outstanding shares of First Colony Life Insurance Company for about \$270m in cash and stock...

Depressed fourth quarter result at Georgia-Pacific

BY OUR FINANCIAL STAFF

AFTER A depressing third quarter in which per share earnings were halved, Georgia-Pacific, the largest U.S. producer of softwood plywood, ended 1981 with profits falling even faster...

American Airlines loss in final period

By Our Financial Staff

AMERICAN AIRLINES, the fourth largest U.S. carrier, ended 1981 in the black, despite a dive into losses in its final quarter, losses which are likely to continue in the early part of this year...

Advertisement for Philadelphia World Insurance Congress, April 25th through 28th, 1982. Includes details about plenary sessions and topics.

Advertisement for Philadelphia World Insurance Congress, April 25th through 28th, 1982. Includes details about plenary sessions and topics.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Table listing various offshore and overseas funds with columns for fund name, manager, and performance metrics.

King & Shazman (Germany)

Table listing King & Shazman funds with columns for fund name, manager, and performance metrics.

Save & Prosper International

Table listing Save & Prosper International funds with columns for fund name, manager, and performance metrics.

CURRENCIES, MONEY and GOLD

Companies and Markets. Dollar weakened against major currencies on easier short-term Eurodollar interest rates and speculating that this week's U.S. money supply figures will show a fall, in contrast to last week's sharp rise.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing Dollar Spot and Forward rates for various currencies.

STERLING - Trade-weighted index 91.4 against 91.5 at the previous close. Sterling rose to DM 2.2985 from DM 2.2940 at the close of the previous session.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

OTHER CURRENCIES

Table showing other currencies and their rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 21)

Table showing FT London Interbank Fixing rates.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table showing Euro-currency interest rates.

MONEY MARKETS

Further rates cut. The Bank of England cut its dealing rates for the fourth day running yesterday, buying bills down to 14 per cent compared with 14 1/2 per cent on Wednesday.

GOLD

Firmer trend. Gold rose \$4 1/2 to \$377 3/8 in the London bullion market yesterday. It closed at the highest level of the day after opening at \$375 3/8.

LONDON MONEY RATES

Table showing London Money Rates.

Advertisement for 'The Banker' magazine, featuring the headline 'Everyone is talking about a Retail Banking Revolution'.

Table titled 'BASE LENDING RATES' listing various banks and their lending rates.

Advertisement for 'The Banker' magazine, featuring the headline 'Further rates cut' and 'Gold Firmer trend'.

Handwritten text in a box: "أخبار عاجلة"

NEW YORK Stock table with columns for Stock, Jan 20, Jan 19, and various other metrics.

Stock table with columns for Stock, Jan 20, Jan 19, and various other metrics.

Stock table with columns for Stock, Jan 20, Jan 19, and various other metrics.

Main article: Early Wall Street rally of 6.8. A RALLY concentrated in Blue Chips helped the Wall Street stock market yesterday morning to pick up from a technically oversold position. The Dow Jones Industrial Average recovered 6.85 to 822.74 at 1 pm compared with only fractional gains in Transportation and Utilities Averages. The NYSE All Common Index recouped 45 cents at 87.35, while advances led declines by a seven-to-five ratio. Trading was again fairly active, turnover reaching \$4.75m, up from \$4.45m the Wednesday 1 pm level of 34.91m. A recovering Bond market and projections of a drop in the money supply figure being announced today set the stage for a rally, but analysts noted that the market was ripe for a technical bounce, having dropped some 30 points so far this year. Larry Wachtel, of Bancroft Group, noted, however, that most of the buying is in the heavily-capitalized stocks, indicating that institutions are making relatively "corporate" investments. Among Blue Chips IBM gained 1 3/4 to \$62.1, ATT 1 to \$39.1, Eastman Kodak 1 1/2 to \$70.1, General Electric 1 3/8 to \$59.1 and Procter and Gamble 1 3/8 to \$44.1. Other market leaders were the Light Trucking group, including TSC, Cresco-Loire, Bellon, Electric 1 1/2 to \$59.1 and Procter and Gamble 1 3/8 to \$44.1. The AMERICAN SE Market led in higher Rubbers, Kiebert 2.00 to 2.10, Volume 3.65m shares (3.05m).

Indices section containing tables for NEW YORK, DOW JONES, AUSTRALIA, AUSTRIA, BELGIUM/LUXEMBOURG, CANADA, DENMARK, FRANCE, GERMANY, HOLLAND, ITALY, JAPAN, NORWAY, SWEDEN, SWITZERLAND, SINGAPORE, SOUTH AFRICA, and TORONTO Composite.

Vertical text on the far right edge of the page, likely containing additional market commentary or news snippets.

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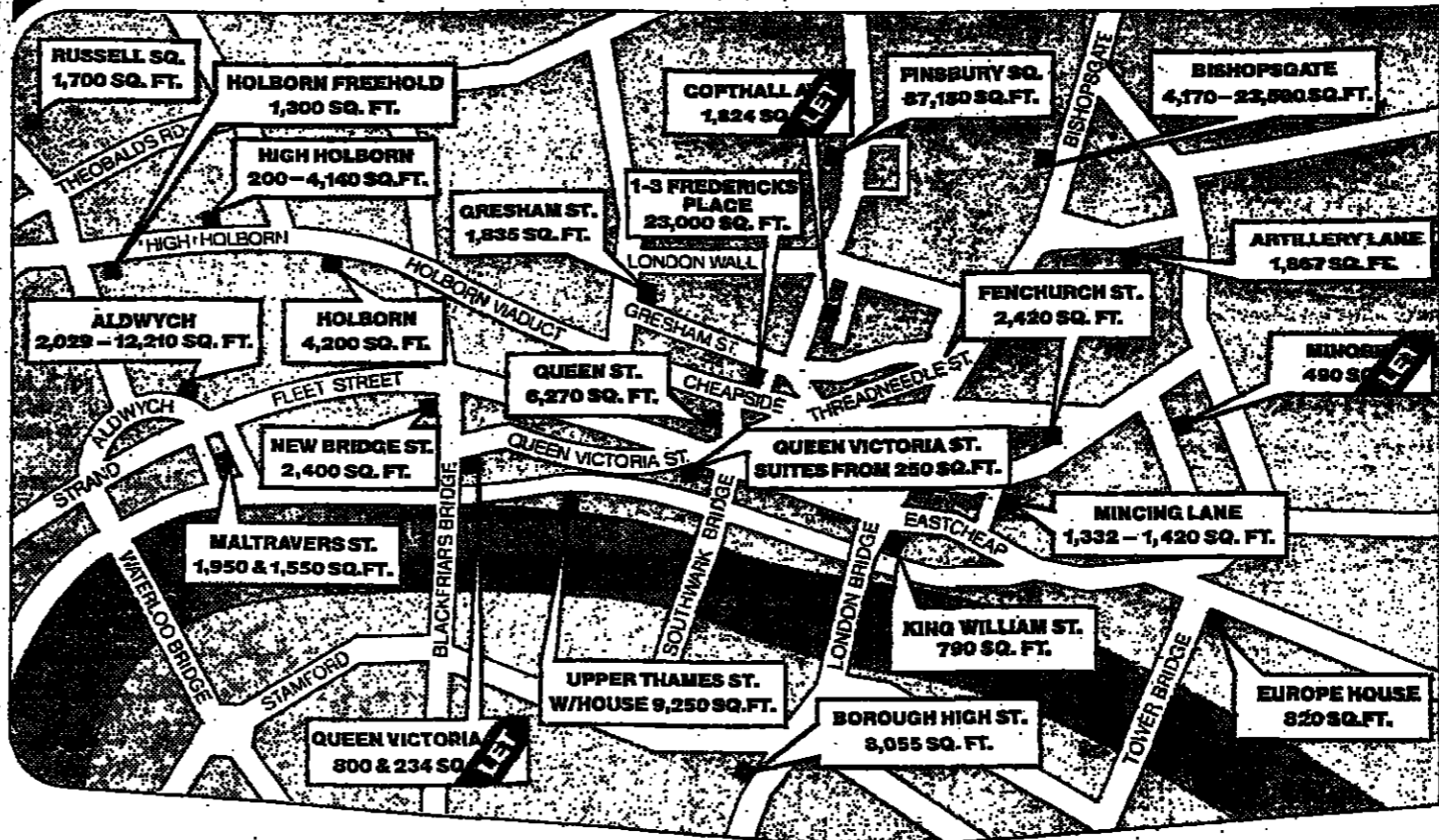
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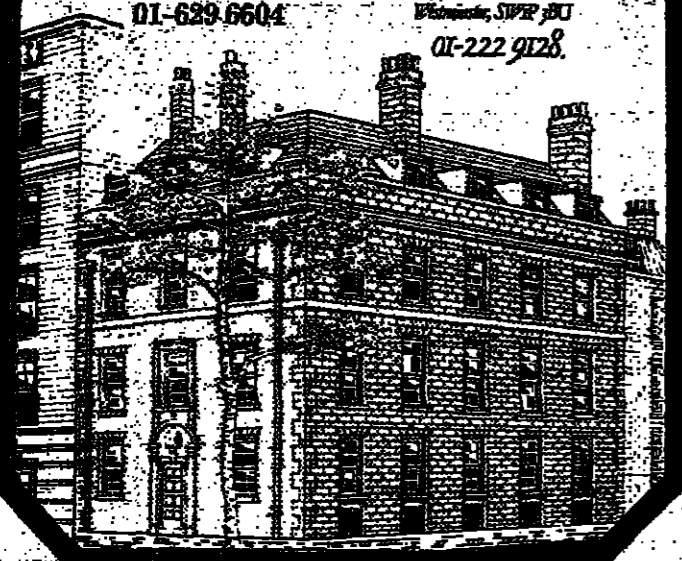
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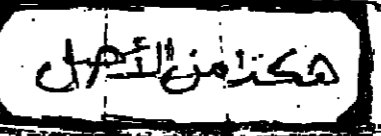
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Companies and Markets

COMMODITIES AND AGRICULTURE

Gas oil futures hit record

By Our Commodities Editor
TRADING turnover on the London gas oil futures market jumped yesterday to a record level of 3,596 lots (of 100 tonnes each). This activity beat the previous record of 2,672 lots recorded in October.

Liquid milk sales fall

BY RICHARD MOONEY
SALES OF liquid milk continued to decline last year with 205m fewer plants being drunk in England and Wales, according to provisional figures released by the Milk Marketing Board yesterday.

Tin supply surplus grows

By Roy Hodson
A GROWING world surplus of tin is expected. Production is likely to exceed demand by 12,300 tonnes in the first half of this year, the International Tin Council is forecasting.

FARMER'S VIEWPOINT

Milk, milk, everywhere

THE GOVERNMENT and British farmers are objecting to the EEC Commission's proposal that dairy farms with annual sales of less than 30,000 litres of milk should be exempted from having to pay the 2 1/2 per cent supplementary levy.

World grain trade fall expected

WASHINGTON — World grain trade (including milled rice) in the 1981-82 season (July-June) is now forecast at 218m tonnes, down 4m tonnes from last month's forecast, but still 5m tonnes above trade in the 1980-81 year, the U.S. Agriculture Department said yesterday.

EEC long term export contracts urged

BY LARRY KLINGER IN BRUSSELS
SECURING LONG-TERM EEC export markets and instituting global domestic production curbs will be emphasised in the European Commission's forthcoming proposals for 1982-1983 guaranteed farm prices.

Call for 16% farm price increase

PARIS — The president of the national federation of French farm unions, M Francois Guillaume, said the 1982-83 EEC farm price increase should be at least 16 per cent to compensate French farmers for an estimated fall in gross farm income last year of FF9.7bn.

Tea pact talks next month

NEW DELHI — Tea producing countries will meet in New Delhi next month to discuss a proposed international Tea Pact to stabilise prices on world markets, the Indian commerce ministry said yesterday.

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BRITISH COMMODITY MARKETS

Table with multiple columns showing commodity prices for various metals like copper, lead, zinc, nickel, tin, and silver. Includes sub-sections for BASE METALS, COPPER, LEAD, ZINC, NICKEL, TIN, SILVER, and COCOA.

AMERICAN MARKETS

Table showing American commodity prices for various items including soyabean meal, sugar, cotton, and various oils. Includes sub-sections for SOYABEAN MEAL, SUGAR, COTTON, and OILS.

PRICE CHANGES

Table listing price changes for various commodities such as metals, oil, and other goods. Columns include commodity name, price, and change.

WEDNESDAY'S CLOSING PRICES

Table showing closing prices for various commodities on Wednesday, including metals, oil, and other goods.

Advertisement for C.C.S.T. your daily service. Includes contact information, telephone number (01-480 6841), and address (Waltham House, 35 Seething Lane, London EC3N 4AH).

Advertisement for COFFEE. A breakfast from the recent range produced some early activity during higher opening, reports Bristol. Includes details about coffee prices and market conditions.

Advertisement for POTATOES. LONDON POTATO FUTURES—Despite strong opening prices, profit-taking and selling led to a drop in prices. Includes details about potato futures and market activity.

Advertisement for INDICES and DOW JONES. Includes financial times indices and DOW JONES stock market information. Lists various indices and their values.

LONDON STOCK EXCHANGE

Strong equity market overshadows impressive Gilts which continue to attract heavy investment funds

Account Dealing Dates Option
*First Declared Last Account Dealings
Jan 11 Jan 21 Jan 27
Jan 28 Feb 11 Feb 12 Feb 22
Jan 28 Feb 25 Feb 26 Mar 8

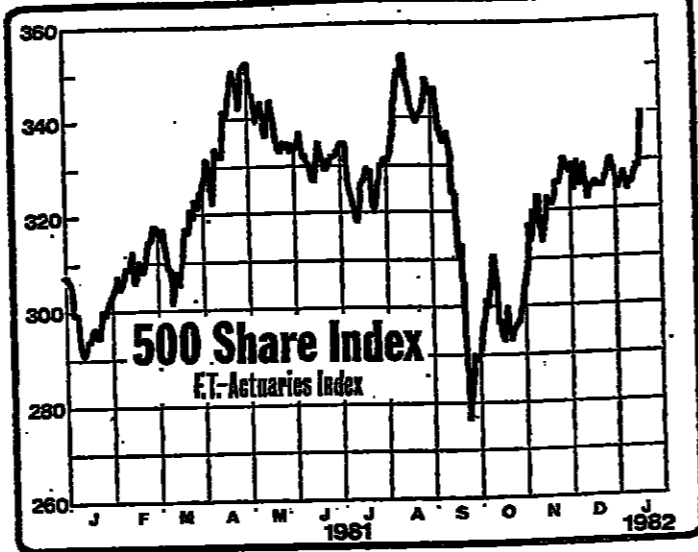
Equities surged higher in London stock markets yesterday, showing such strength that a very impressive gilt-edged market, which continued to attract sizeable quality buyings from both domestic and overseas sources, was relatively overshadowed by acute stock shortages.

hours' trade. Double-figure gains were finally common-place and the FT Industrial Ordinary Share Index closed with a jump of 15.3 at 559.1 this is the highest rise since November 9. The broader-based FT-Actuaries All-Share Index gained 1.5 per cent to 319.38.

Sizeable investment funds emanating from the UK, Europe and the Middle East were again committed to gilt-edged securities. The demand countered selling often representing profit-taking which led to several bouts of hesitancy. Higher U.S. Broker loan rates were ignored as the gilt market continued its rise.

With the active January series having expired on Wednesday, demand for traded options declined appreciably. Calls completed amounted to 1,461 of which Commercial Union accounted for 234, while ICI attracted 273 with the April 260's and 300's recording 143 and 100 deals respectively. A total of 379 puts were struck.

Blue chips and a host of secondary industrials advanced throughout the session and continued to improve in the afternoon's trade. Double-figure gains were finally common-place and the FT Industrial Ordinary Share Index closed with a jump of 15.3 at 559.1 this is the highest rise since November 9.



Royal Bank better

A resurgence of speculative buying helped Royal Bank of Scotland to rise 4 fresh to 125p, after 130p. Despite a recent Press article stating that a bid for the group seems extremely unlikely, Bank of Scotland attracted renewed speculative support on rumours of a forthcoming announcement and closed 18 to the good at 490p, after 495p.

With the exception of Eagle Star, which lost 3 more to 301p, after 325p, following a denial of bid talk, insurances were firm. Bid hopes helped Commercial Union to put on 6 to 134p, while Royals, 346p, and Sun Alliance, 866p, advanced 9 and 12 respectively.

Breweries continued to gain ground in a useful two-way business. Bass rose 6 to 209p, while Allied-Lyons hardened a couple pence to 71p. Arthur Guinness, additionally helped by Press comment, advanced 3 to 73p.

The Building sector was generally firm on interest rate optimism and recovery hopes with the emphasis on Contracting and Construction issues. Barratt Developments gained 8 to 1981p, 1982 peak of 230p, while ICI rose 10 to 266p and Whatlings 4 to 29p, both after annual trading statements, while new-time buying lifted Wiggin's 7 to 97p and Marchwell 6 to 130p.

Leading Chemicals mirrored the firm trend, ICI rising 6 to 328p and Fisons 3 to 163p. The announcement that the company may sell some of its London realisation programme prompted support for Grand Metropolitan which put on 5 to 194p.

Turner and Newall good

Stimulated again by the buoyancy of the gilt-edged market, miscellaneous industrial leaders advanced smartly and closed at the day's best. A rise of 7 to 102p in Turner and Newall again led, while Reed International added 2 to 372p on renewed buying ahead of third-quarter figures due on February 3.

Investment buying lifted Pilkington 15 further to 300p, while Glaxo, 476p, and Barcham, 238p, gained 10 and 7 respectively. Traveler House closed 6 better at 107p, sentiment helped by news from the AGM that the Express de-merger plan had been approved.

Motor Components returned to favour an closed with useful gains across the board. Lucas featured with a rise of 5 to 70p, while Dunlop added 3 to 70p. Rover, the recent bad weather will boost demand for the company's products lifted Kwik-Fit 4 to 57p, after 58p.

News International featured Publishers, rising 10 to 115p. Associated Paper rose 5 to 32p following the increased dividend and more-than-doubled annual earnings.

The Property sector, subdued recently by MESP's fund raising operation, came to life as interest rate optimism revived. NEPC were finally 8 better at 222p, while Land Securities closed 13 up at 300p.

Estates put on 15 to 43p following the increased dividend and more-than-doubled annual earnings. Elsewhere, Estates and General jumped 6 to 60p on speculative demand, while Country and New Town added 2 to 48p following the interim results.

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revision by an American broking concern of the group's Canadian profits. Most quotations rallied, however, and British Petroleum closed a couple of pence firmer at 500p, after 594p, while Shell finished 6 dearer at 235p. Outside headway at 112p, up 7, while Sun (UK) Royalty improved another 10 to 180p.

Trusts made headway in sympathy with the general improvement in equities. London and Provincial moved up 6 to 185p after the previous day's advance of 14 which followed the market rally on behalf of Investment Intelligence.

Trading in Shippings was brisk. British and Commonwealth advanced 10 more to 358p and Calsonic Investments closed the same amount dearer at 330p in sympathy.

South African Financials were mixed, with Anglovaal the feature after a gain of a full point to 222. "Angcor" put on 2 to 544, while Gencol, at 90p, and Vogelsbusch, at 130p, both closed 10 to the good, the latter following the results announced on Wednesday.

New Witwatersrand, which reported results at the same time as Vogels, gave up 8 to 130p. The antimony-producing Consolidated Marchion lost 20 to 250p despite the recent improved results.

Elsewhere, Northgate Exploration and Tara Exploration both ended 10 weaker at 210p and 440p respectively. London Financials generally closed a little firmer in line with the rest of the equity market.

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RECENT ISSUES

Table of recent issues including titles like 'Asset Special 100', 'Baillie Gifford 100', 'Crested Property 100', etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks including titles like 'Caisse Nat. Des Auto. 16% Gtd. Lt. 2000', 'Essex Water 10% Red. Pnt. 1986', etc.

"RIGHTS" OFFERS

Table of rights offers including titles like '7 1/2% F.P. 28/12/81 89/1', '12 1/2% F.P. 28/12/81 92/1', etc.

Renunciation date equity last day for dealing free of stamp duty, 10 days based on prospectus unless otherwise stated. 10 days for payment of cash based on prospectus unless otherwise stated.

ACTIVE STOCKS

Table of active stocks showing closing prices and changes for various companies like Bank of Scotland, Commercial Union, etc.

WEDNESDAY'S ACTIVE STOCKS

Table of Wednesday's active stocks showing price changes for various companies like BHP, Eagle Star, etc.

FINANCIAL TIMES STOCK INDICES table showing indices for Government Secs, Fixed Interest, Industrial Ord., etc.

HIGHS AND LOWS table showing high and low prices for various stock indices.

S.E. ACTIVITY table showing daily gains and losses for various stock indices.

Table showing exchange rates for various currencies like Australian Dollar, Canadian Dollar, etc.

WORLD VALUE OF THE DOLLAR

Large table showing the world value of the dollar across various countries and currencies, including Australia, Canada, France, Germany, etc.

NEW HIGHS AND LOWS FOR 1981/2

Table listing new highs and lows for various companies in 1981/2, including titles like 'British Petroleum', 'Shell', etc.

FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries share indices for various equity groups and sub-sections.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock indices and sectors yesterday.

FIXED INTEREST

Table showing fixed interest rates and yields for various government and corporate securities.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their details, including names like 'Abney Unit Trust' and 'Aberdeen Unit Trust'.

Table listing unit trusts under the heading 'L & G Unit Trust Management Ltd.', including 'L & G Unit Trust' and 'L & G Overseas Unit Trust'.

Table listing unit trusts under the heading 'Scottish Widows' and 'Scottish Amicable', including 'Scottish Widows Unit Trust' and 'Scottish Amicable Unit Trust'.

Table listing unit trusts under the heading 'ANEV Life Assurance Ltd.', including 'ANEV Life Assurance Unit Trust' and 'ANEV Overseas Unit Trust'.

Table listing unit trusts under the heading 'Growth & Sec. Life Ass. Soc. Ltd.', including 'Growth & Sec. Life Ass. Soc. Unit Trust' and 'Growth & Sec. Life Ass. Soc. Overseas Unit Trust'.

Table listing unit trusts under the heading 'M & C Group', including 'M & C Group Unit Trust' and 'M & C Group Overseas Unit Trust'.

Table listing unit trusts under the heading 'Standard Life Assurance Company', including 'Standard Life Assurance Unit Trust' and 'Standard Life Assurance Overseas Unit Trust'.

FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

Table listing insurance and property bonds, including 'Abney Life Assurance Co. Ltd.' and 'Alliance Life Assurance Co. Ltd.'.

Table listing insurance and property bonds, including 'Alliance Life Assurance Co. Ltd.' and 'Alliance Overseas Life Assurance Co. Ltd.'.

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NOTES: Information regarding the accuracy and use of the data provided in the tables.



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years'.

Undated

Table of undated funds.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of loans including Public Board and Ind. Financial.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails.

AMERICANS

Table of American stocks.

Over Fifteen Years

Table of American funds categorized as 'Over Fifteen Years'.

UNDATED

Table of undated American funds.

CANADIANS

Table of Canadian stocks.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase companies.

HIRE PURCHASE

Table of hire purchase companies.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road companies.

ELECTRICALS

Table of electrical companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

CHEMICALS, PLASTICS—Cont.

Continuation of chemical and plastic companies.

DRAPERY AND STORES

Table of drapery and store companies.

ENGINEERING MACHINE TOOLS

Table of engineering and machine tool companies.

FOOD, GROCERIES

Table of food and grocery companies.

HOTELS AND CATERERS

Table of hotel and catering companies.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial companies.

ENGINEERING MACHINE TOOLS

Table of engineering and machine tool companies.

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Table of hotel and catering companies.

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Table of miscellaneous industrial companies.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

FOOD, GROCERIES—Cont.

Continuation of food and grocery companies.

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FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

tomorrow's FT advertisement with text: SAVINGS AND INVESTMENTS, The hidden cost of a bank mortgage, SPORT, Lend1—The new US tennis master, BOOKS, Princess Vicky and the Queen, Zuckerman's Nuclear Illusions, PROPERTY, Ski homes in the Alps, ARCHITECTURE, The rebuilding of New York, TRAVEL, Beside the English seaside.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

INDUSTRIALS—Continued

Table of industrial stocks including sectors like Motors, Aircraft Trades, Commercial Vehicles, Components, Garages and Distributors, Newspapers, Publishers, Paper Printing Advertising, and Insurance.

LEISURE

Table of leisure and recreational stocks.

PROPERTY—Continued

Table of property and real estate stocks.

INVESTMENT TRUSTS—Cont.

Table of investment trusts.

OIL AND GAS—Continued

Table of oil and gas stocks.

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MINES—Continued Central African

Table of Central African mines including companies like Anglo-Tanzania, Anglo-American, Anglo-Thai, etc.

Table of Overseas Traders.

Table of Teas from India and Bangladesh.

Table of Mines from Central and Eastern Rand.

Table of Mines from Far West Rand.

Table of O.F.S. (Overseas Financial Services).

Table of Oil and Gas stocks.

Table of Diamond and Platinum stocks.

Regional Markets and Options 3-month Call Rates. Includes a list of regional market indices and option rates.

INSURANCE

Table of insurance stocks.

PROPERTY

Table of property stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks.

OIL AND GAS

Table of oil and gas stocks.

Recent Issues and Rights Page 36. This service is available to every company listed in the Stock Exchange throughout the United Kingdom for a fee of £500 per annum for each security.

